

THE OPIUM QUESTION IN CHINA 1860 - 1887

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ABSTRACT

The Opium Question in China from 1860 to 1887 was composed of three inter-related aspects: the taxation of foreign opium; the Chinese customs blockade of Hong Kong (and Macao); and the growth of native (Chinese) opium. The Question arose as a result of the legalization of the opium trade in 1860. During the period that this Question was in existence, attempts were made by the Chinese and British governments to reach an agreement over the taxation of foreign opium and to devise means to put an end to smuggling from Hong Kong so that the blockade could be lifted. The Alcock Convention of 1869 and the Chefoo Convention of 1876 contained stipulations that would provide solutions to these outstanding problems. Their rejection by the British government meant that negotiations had to be continued, both at Peking and London, and on the local scene, at Hong Kong and Canton. Signing of the Additional Article to the Chefoo Convention in 1885 provided settlement of the taxation issue; and promulgation of the Ordinance on opium in 1887 by the Hong Kong government solved the blockade issue. During this period, the growth of native opium greatly increased and it competed successfully with the Indian import in China. This fact, together with the increasing activity of the Anti-opium Society in Britain, contributed much to the Agreement of 1885.

This dissertation is concerned with an analysis of the Opium Question briefly explained in the preceding paragraph. It also analyses the various governments and personalities involved. For Britain, these included the Home government with its Foreign, Colonial and India Offices; the Hong Kong and Indian governments; and the diplomatic service in China and the Governors of Hong Kong. For China, these included the Imperial and provincial governments, the Foreign Inspectorate, and responsible officials such as Li Hung-chang, Tso Tsung-t'ang and Tseng Chi-tse. A more astute understanding of Sino-British relations during this period, both diplomatic and commercial, is reached by such analyses.

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CHAPTER 1: INTRODUCTION.

The second Anglo-Chinese War that ended with the Treaty of Tientsin (1858) and the Convention of Peking (1860) was followed by the legalization of the trade in opium. The opium problem had of course existed before - and was to exist after - these dates. This dissertation, however, is confined to the period 1860 to 1887, but for a full understanding of the 'Opium Question'¹ during this period, a brief history of the opium trade is essential

History of the opium trade and its legalization

Both the Opium Question and the opium trade can be traced to the introduction of opium into Taiwan by the Dutch in the early sixteenth century, for medicinal purposes. By the end of the century, opium smoking had become an addiction and was widespread in China, especially in the coastal areas. The effects on the health and morale of individuals, and by extension, on the country as a whole, were already being felt.' In 1729 Emperor Yung-cheng issued the first of a series of Imperial proclamations forbidding opium smoking and trade in the drug². As with similar proclamations issued during the following century and a half, it produced little result. The number of smokers continued to grow, covering an ever-widening range of society. The wealthy scholar-gentry and official classes no longer had the monopoly of the habit. Soldiers, labourers, peasants and even women took up the addiction in increasing numbers.

China had not yet begun to cultivate the poppy extensively; the drug being imported from India and Turkey. In the former area, profits from opium prompted native states (Malwa district) and the British East India Company (the Bengal district) to cultivate the poppy on an organized basis. The first decade of the nineteenth century, prior to the outbreak of the first Anglo-Chinese War, witnessed a very rapid increase of opium importation into China³.

The island of Lintin, situated half-way between Macao and Hong Kong on the Pearl Estuary (or the Canton River), became the warehouse of opium and the haven of smugglers. Opium was smuggled into Kwangtung through the innumerable inlets along the coast and from there was distributed throughout China. Even the British factory in Canton became a depôt and the selling of this forbidden article to willing merchants was conducted more or less in the open.

The Imperial government was greatly alarmed by the development of this contraband trade. In the mid-eighteenth century, when the Canton System came into existence, it was regarded as an extension of the tributary system purely for the benefit of the commerce-starved western traders. Trade throughout the seventeenth and eighteenth centuries had always been one-sided: China sold tea, silk and other items to the western traders in return for bullion or treasure. The western merchants could not sell many of their products except curios and the like, owing to the self-sufficiency of China's agrarian economy and the restrictions of the Canton System. As long as this state of affairs lasted, the Imperial government was willing to tolerate the presence of these traders in the southernmost port of her empire. But the increase of opium importation by the turn of the century brought about a different balance of trade. Instead of the western merchants importing silver to pay for Chinese products, the reverse was now true. With each succeeding year, more silver was exported from China to pay for the increased import of opium. This phenomenon was most evident during the years from 1835 to 1839⁴.

This led to a renewal of prohibition proclamations imposing the death penalty on smokers, traders and cultivators of the poppy. In 1832, Li Hung-ping, Governor-General of Liang-kwang, was dismissed for failing to prevent the outflow of silver at Canton, and his office was taken over by Lu-k'un, who had specific orders from the Emperor to

investigate and to put a stop to the illegal opium trade⁵.

Such proclamations, however, proved entirely ineffective and opium continued to be smuggled into China in increasing quantities. This led Hsü Nai-chi, a senior official of an educational institution, to memorialize in 1836 that the import of opium should be legalized. He argued that since it was impossible to put a stop to the opium trade and suppress opium smoking, it would be better to revert to the system adopted during the reign of Ch'ien-lung, when the drug was admitted as 'medicinal herb' and taxed. He proposed that only Chinese produces could be exchanged for opium, and it could not be purchased with silver. This, Hsü reasoned, would not only prevent the outflow of silver, but also increase China's revenue. He also advocated that prohibition of poppy cultivation should be relaxed, since native opium was both milder and less harmful⁶. This memorial impressed Emperor Tao-kuang, and Teng T'ing-cheng, Governor-General of Liang-kwang, Ch'i-kung, Governor of Kwangtung, and Wen-hsiang, the Hoppo, were instructed to deliberate and memorialize. They agreed with what Hsü had proposed⁷.

Hsü's proposal, however, aroused unfavourable reactions from other officials. Yüan Yu-lin, a censor, memorialized that prohibition must be rigorously pursued. He utilized arguments such as the contentions that legalization would pose severe moral and ethical difficulties, and that poppy cultivation would result in a drastic reduction in the production of food crops⁸. This memorial was not taken too seriously by the Emperor. Nevertheless, it did mark the beginning of a series of memorials from other high-ranking officials supporting his contentions, though differing in emphasis and the means of achieving total suppression. Of these the most noted was that by Huang Chueh-tzu, minister of the Hung-lo Ssu. Huang explained in great detail why opium should be prohibited and also outlined the means by which prohibition could be effectively

carried out. He reasoned that although it seemed difficult to enforce the prohibition, yet with a proper course of action it could be done. By forbidding opium smoking under severe penalties, the opium trade would phase itself out. Smokers should be given a year to discard their addiction, at the end of which period, if they still had not succeeded, they would be decapitated. Five families would form a unit to mutually watch over each other and to report on offenders. The same method could be used for officials and military personnel⁹.

As a result of Huang's memorial, the Emperor once more ordered all high-ranking officials to deliberate and express their opinions. Of the twenty memorials that were written, twenty were against Huang's proposal while eight supported it, dividing them into two opposed 'factions'. Of the ones that voiced opposition, Ch'i-shan and I-li-pu were among them; the supporters included Kuei-liang and Lin Tse-hsu¹⁰.

Despite the number of officials who were opposed to Huang's proposal, Lin Tse-hsu's memorial impressed the Emperor. Apart from commenting on the evils of opium addiction, Lin proposed a six-point programme for effective suppression. These included the confiscation of all opium smoking equipment, educating the people in the ways to discard their addiction, and severe punishments for offenders. During his governorship at Fukien, he had carried out his programme and had succeeded in prohibiting the drug trade and smoking there¹¹. As a result, he was summoned to the capital, and after nineteen audiences with the Emperor, was appointed Imperial Commissioner on 31 December 1838, his commission being to examine the opium situation at Canton and to put an effective end to the drug trade. At the same time, Imperial edicts were issued to provincial authorities ordering them to devise ways and means to carry out the prohibition proclamation. Thus, after some years of uncertainty, the Imperial

government had finally decided on a definite course of action.

With Lin Tse-hsu's arrival at Canton on 10 March 1839, the stage for the first Anglo-Chinese War was set. Brevity of this introduction prevents a full discussion of the various causes of this so-called Opium War. It can be stated without reservation, however, that as far as the Imperial government was concerned, opium was the sole cause of the war. It was acting in accordance with past examples of penalising uncouth foreigners. Trade was only a concession to foreign merchants, one which China had every right to withdraw.

The war ended in defeat for China, and she had to accept the first of a series of the so-called 'unequal' treaties. The Treaty of Nanking (29 August 1842) and the Supplementary Treaty of the Bogue (8 October 1843), negotiated between the plenipotentiaries Ch'i-ying and Pottinger, opened China to limited commercial intercourse¹². There was, however, no settlement of the question of opium. Two days before the signature of the Treaty of Nanking, Pottinger tried to impress upon Ch'i-ying the futility of suppression and advocated the inclusion of opium in the Tariff, in other words, its legalization. Ch'i-ying replied that under the conditions of the time, he dared not raise the matter with the Emperor; Pottinger did not pursue the subject further since his instructions were to suggest legalization but not to press for it¹³.

Though there was no opium clause in the Treaty of Nanking, in China's treaties with the other nations - namely, the United States, France and Russia - it was included, and opium was labelled contraband¹⁴. However, this was merely words on papers and enforcement was not envisaged by the treaty makers.

The illicit opium trade continued to flourish. It is necessary to explain how it was conducted during the years between the first and second Anglo-Chinese conflicts (1842-58). For their part, the British authorities in

China, by adhering strictly to treaty stipulations, made a clear distinction between legal and contraband imports. Opium was considered contraband because it was not listed as an article of trade in the Tariff. Thus, only legal goods could be imported into the five Treaty ports opened to foreign trade. If opium were found on board British ships or in the possession of British merchants, the consuls would start prosecution proceedings, as happened in the *Amelia* and *Maingay* cases¹⁵. Also, if any British merchant engaged in this clandestine trade was caught by the Chinese authorities, he would not receive any help from the consular service. However, if the transactions were conducted outside Treaty port limits, the consuls would not interfere, and the merchants had only the Chinese authorities to contend with. Hong Kong had been ceded to Britain and special arrangements were made for the Colony¹⁶. In subsequent years, official British policy remained unchanged. Plenipotentiaries such as Davies, Bowring and Bonham did try to bring about legalization, but failed through the lack of response from China¹⁷.

As to the Imperial government of China, the solution that it had to offer varied little from that before the war. Moral and ethical values were still placed foremost. The opium trade was to be prohibited. A few more Imperial edicts were proclaimed to that effect, and on paper at least enforcement of these was to be stricter. When Hsien-feng ascended the throne in 1851, he issued a stern edict: opium smokers were ordered to abandon the habit in five months, at the end of which any person caught taking the drug would be decapitated, their families sold into slavery and their descendants excluded from the civil service examination for three generations¹⁸. This edict sounded very severe but the laxity of Chinese officialdom nullified its effect.

The actual conduct of the opium trade enjoyed far more

freedom than the policies of the two governments would suggest. It is true that no such trade was conducted in the Treaty ports by foreign merchants (especially British) for fear of reprimand from the consuls, yet it flourished outside the port limits and all along the south China coast. The trade was not even interrupted during the war years. After 1843 receiving ships were set up outside the Treaty ports, and even at ports unopened to foreign trade. Hong Kong became the depôt and Capsuimoon - just outside the Colony - the 'permanent' anchorage. In Canton, for example, as early as 1844, 'opium was openly carried about the streets in chests, and sold like an unprohibited article.'¹⁹ Local Chinese officials did nothing to put a stop to the illicit trade because they profited from it through the 'squeeze' system, and preventive services were archaic and ineffective. Official connivance in the trade was practically throughout China.

During the fifties, in desperate need of money to finance military expeditions to suppress the rebellions, provincial authorities began to levy dues on opium. In 1854 the Shanghai authorities began a levy of 24 taels per chest, and in 1857 a censor suggested that likin on the drug should be levied at Shanghai which would increase the Imperial revenue by one million taels a year. The Governor-General of Liang-kiang, I-liang, however, memorialized that this would be contrary to the policy of prohibition adopted by the Imperial government but suggested instead a contributory duty²⁰, which was first 10 taels and then increased to 20 taels per chest²¹. Fukien followed in the same year²². Then in 1858, Ho Kuei-ch'ing, Governor-General of Liang-kiang, memorialized that the drug should be legalized²³.

The volume of the drug import climbed steadily during these years. In 1840, because of the war, the estimated import dropped to 16,000 chests, in round figures. It rose to 33,000 chests in 1845, 43,000 chests in 1850

and 65,000 chests in 1855²⁴. Thus, by the outbreak of the second Anglo-Chinese War, it was apparent to all concerned that the suppression of the drug traffic was practically impossible and that the reality of this should be recognized and the importation of opium legalized.

When Lord Elgin was sent from Britain to negotiate for a new treaty with China in 1857, his official instructions from Lord Clarendon, the Foreign Minister, did not include any specific reference to opium. In a private correspondence, however, he was instructed to 'ascertain whether the Government of China would remove its prohibition of the opium trade.'²⁵ During the initial stages of the negotiation at Tientsin, the subject was not raised by Elgin, who was more concerned with the settlement of more important issues such as the residence of the British envoy at Peking etc.. The Treaty of Tientsin signed in June 1858 made no mention of opium.

The question was raised in China's negotiation with the other Treaty powers, notably the United States and Russia. The American negotiator, W.B. Reed, had arrived in China personally committed to an anti-opium policy; he was also under instruction from the State Department that the United States 'neither sought the legalization of the traffic nor would uphold its citizens in their violation of Chinese law.'²⁶ The Russian negotiator, Poutiatine, received similar instructions²⁷. Thus the draft treaties China made with these two nations specifically declared opium to be contraband. But the actual treaties signed on 13 June with Poutiatine and on 18 June (1858) with Reed omitted such a clause. This was a concession to objections raised by Elgin, who said that inclusion of an anti-opium article would seem 'a gratuitous slap at British policy.'²⁸

The development of the opium trade, the increasing involvement of British mercantile interests in it, and

the fact that provincial authorities of China had already come to regard the trade as a legal one by imposing duties on the drug, convinced Elgin that the opium problem could no longer be left hanging in the air, as it had been in the 1840s. To Elgin then, the best solution would be to legalize the trade. However, he believed that he could not rightly press for this 'under the kind of pressure which we were bringing to bear upon at Tientsin', but thought the tariff conference at Shanghai later would be the ideal place to bring up the subject with the Chinese negotiators²⁹.

The two sides met in Shanghai from 12 October to 8 November 1858, and Elgin raised the question of legalization. To his surprise, it was met with an outright approval from the Chinese negotiators, who said that China was ready to admit opium into the Tariff as 'foreign medicine'³⁰. At first they asked for a Tariff duty of 60 taels per picul³¹ but the British negotiators warned that placing a high duty on the drug would drive the trade into illicit channels, and added that at Shanghai the amount then collected was only 24 taels per chest. After some bargaining, the duty was settled at 30 taels per picul, approximately 7-8% of the average value. This item of trade, however, was to be treated differently from other foreign imports under Rule V of the Tariff and commercial agreement: 'Opium will henceforth pay 30 taels per pecul import duty. The importer will sell it only at the port. It will be carried into the interior by Chinese only, and only as Chinese property; the foreign trader will not be allowed to accompany it. The provisions of Article IX of the Treaty of Tien-tsin, by which British subjects are authorised to proceed into the interior with passports to trade, will not extend to it, nor will those of Article XXVIII of the same Treaty, by which the transit dues are regulated; the transit dues on it will be arranged as the Chinese Government see fit;

nor in future revisions of the Tariff, is the same rule of revision to be applied to opium as to other goods.³² Opium was finally legalized after one and a half centuries as contraband. This marked the beginning of the Opium Question that this dissertation is concerned with.

The legalization of opium was not followed by any 'legislation' to regulate the trade. The British government still adopted the attitude that it was solely the responsibility of the Chinese government to ensure the collection of its revenue and the prevention of tax evasion. The Chinese negotiators were primarily interested with the termination of the war and a peace settlement. It must be remembered that during this period of her history, China was more concerned with internal problems. Since the early fifties, the empire had been virtually reduced to chaos, administrative and otherwise, by the so-called 'mid-century rebellions'. During the war with Britain (and France), China was at her weakest, politically and militarily. A speedy settlement with the Treaty powers would mean that she could turn all her attention to the suppression of the devastating rebellions. By not asking much from the Treaty powers, she could ensure their support and perhaps even actual assistance, which was indeed what she did obtain.

There were other considerations that prevented China from 'legislations' to control the opium trade. Legalization was a necessary and utilitarian step, but it meant that the Imperial government had to abandon a policy of prohibition adopted since the first decree of 1729; it had been a policy based on moral issues. To introduce 'legislation' would provide the onus of the Imperial government desiring a revenue that was morally unjust. Moreover, the Imperial government had always depended on provincial authorities to collect enough revenue for its needs, and they were given a great degree of autonomy especially in regard to taxation. As long as the Imperial

government received its due share of the provincial revenue, no attempt would be made to exercise any control over the administration or collection. A case in point was when dues were collected on opium before its legalization, the Imperial government only expressed verbal disapproval, but did not take any direct action to intervene or stop such 'illegal' collections. Furthermore, with the rebellions in progress, there was an even greater degree of autonomy for the provincial governments, especially in rebel-affected areas. Thus, whatever legislation of the opium trade there might be, it was left to the provincial authorities. Moreover, opium had been kept apart from all other imports, and with China's right to do whatever she wanted with it after leaving the importer's hands, legislation, if and when needed, could be worked out in due course. The Foreign Inspectorate was to be established shortly and this new customs organization would collect the Tariff duty thereby ensuring a 'guaranteed' revenue on opium.

Hong Kong: its special rôle

One point which the negotiators on both sides failed to grasp was the importance of Hong Kong to the opium trade³³. It would be relevant to trace briefly the history and development of the Colony in order to understand why it played such an important rôle in the Opium Question.

Prior to its cession to Britain in 1842 by the Treaty of Nanking, Hong Kong was insignificant. It was a small barren island and as such was of no political or economic interest to either the Chinese or foreigners. A tiny village of fishermen and pirates (known as Aberdeen after the British occupation) on the southern coast of the island was the only inhabited area. It played no part in Sino-western trade activities of those days. For the illicit opium trade, the centre of activity was at Lintin. Captain Charles Elliot, the British plenipotentiary,

was asked by Palmerston to secure an island from the Chinese, and he chose Hong Kong. This was due to its nearness to Canton (seventy-five miles away), then the centre of foreign trade, and its excellent natural harbour. In the abortive Treaty of Chuenpi, the island and its harbour was ceded to the British Crown in perpetuity. The British government was at first very apprehensive about this choice, since it had contemplated the acquisition of an island near Shanghai. Nevertheless, the decision was agreed to, and the Treaty of Nanking validated the cession³⁴.

The acquisition of Hong Kong meant that all the activities previously centred in Lintin were immediately transferred to this new colony. The advantages to both legitimate and illegal trade were obvious. From the outset, Elliot had declared it a free-port and merchants were not slow to grasp its significance. Above everything else, it meant that all goods, including opium, could be imported freely, there being no customs. The goods could be stored in Hong Kong, and when needed, conveyed to the Treaty ports. As for opium, the advantages were even greater. Opium firms could import the drug into the Colony and sell it to Chinese purchasers from the mainland. It was up to the latter to devise ways and means of transporting it to China. Furthermore, Hong Kong was under British jurisdiction and administration; merchants, whether foreign or Chinese, would have no fear of molestation from the Chinese authorities. Thus the combination of a free-port, and a Colony meant advantages to trade, both legal and illegal. Hong Kong was soon the depôt for foreign goods, and it was also quickly utilized as a haven by smugglers.

When Elliot chose Hong Kong as the most suitable acquisition for Britain, he had already realized the possibility of the island becoming a centre for smuggling. Thus, in the Treaty of Chuenpi, a clause was included:

'All just charges and duties to the empire upon the commerce carried on there [Hong Kong] to be paid as if trade were conducted at Whampoa [Canton].' In what manner the collection was to be made, however, was not specified. In any case, the treaty was repudiated by the British government. But before Pottinger was sent to China to replace Elliot, Palmerston instructed him that since there had been instances in Europe of 'Duties collected in the Territory of One Power by the agents of another Power', China, if she wished, could instal customs offices in Hong Kong to collect the legal dues on goods so as to exempt them from payment on arrival at the Treaty ports. He believed that with such a measure, 'British commerce might be much encouraged.'³⁵

When Pottinger arrived in Hong Kong, he found public opinion very adverse to such a move. Subsequently, it was not included in the negotiations with China. Nevertheless, he was very much aware of the problem and tried to effect a solution in a way that would not be found objectionable by the mercantile community. On 15 April 1843, he issued a proclamation to the effect that a fair and regular tariff was now in force and all smuggling activities must cease³⁶. Furthermore, in the Supplementary Treaty of the Bogue, Articles XIII, XIV and XVI were inserted to ensure that there was to be no illicit trade from Hong Kong. These articles called for the issuance of passes by the Chinese customs to junks trading with Hong Kong, without which the Colonial authorities would not permit their entry into the harbour; and monthly returns were to be compiled by both parties of the number of passes granted and details of cargoes carried by junks³⁷.

The intentions were good but these provisions were not carried out, either by the Chinese or the Hong Kong authorities. The former could be said to be incapable of

enforcing these articles, while the latter was subjected to constant constant pressure from the mercantile community to maintain the free-port status of the Colony.

The non-enforcement of these regulations meant that the smugglers, especially those dealing in opium, were given a free hand to do whatever they wanted. The trade in opium expanded greatly during the years between the two wars. Hong Kong's prosperity also kept pace with it.

The treaties of 1858 to 1860 brought with them new problems. Legalization of opium in the Treaty of Tientsin also saw the abrogation of the Supplementary Treaty of the Bogue. Clauses in the latter treaty which, in enforced, could stop smuggling, were not replaced by a new set of rules and regulations. In fact, Hong Kong and its peculiar problems, were not mentioned at all. The Convention of Peking merely added the peninsula of Kowloon to the Colony, but no new rules were established. Within the 'vacuum' so created, the clandestine trade found even more space to expand.

Junk trade and opium trade after 1860

As far as the opium trade was concerned, it could be said to be confined solely to the so-called junk trade³⁸. This was carried on by Chinese junks that sailed between Hong Kong and the various un-opened ports along the coasts of Kwangtung, Fukien, Formosa and Hainan. They were, on the whole, confined to the southern coastal areas. The junks conveyed to Hong Kong Chinese produces such as tea and silk, and transported back to China foreign goods, opium, salt and munitions of war (the last two were still contraband after 1860).

Large scale smuggling by fleets of armed junks was not an uncommon sight off the southern coastal provinces. The junk trade had begun soon after the first Anglo-Chinese war, but had expanded in the succeeding years. Of the goods smuggled, opium ranked first because its value was high, its bulk small and there was a ready market for it.

The legalization of the drug meant that by importing it into the Treaty ports, it would be subject to the Tariff duty and a number of local levies totalling between 60 and 100 taels per chest, depending on the port of import and the type of opium. Such a high 'premium' and the ease of smuggling prompted even honest traders to attempt some occasional concealment of opium in their regular cargoes. The foreign importers more than welcomed this clandestine trade. By selling their opium in Hong Kong, they could do so cheaper and with less bother than at the Treaty ports, as they neither had to pay the Tariff duty and transportation charges nor did they have to go through the trouble of customs clearance. Furthermore, they could also avoid market fluctuations at the Treaty ports. Such a pattern of trade worked well for the merchants concerned, but it was severely detrimental to the Imperial and provincial revenues. In 1866, annual returns of the Foreign Inspectorate estimated that of the 18,000 chests brought into Canton that year, nearly 15,000 chests had evaded the Tariff duty, which amounted to a loss of 450,000 taels³⁹. It was also estimated that one-fourth of the total import of opium into Hong Kong was smuggled into China by junks⁴⁰. Even with foreign trade in general, Canton consul Robertson remarked in 1867 that the Pearl Estuary was 'studded with towns of great commercial importance and a direct trade with Hong Kong is carried on which Canton can have no part or over which the Canton Customs any supervision.'⁴¹ Though this seemed to concern only Canton, its effect was felt throughout China. The necessity of exercising some control over this aspect of the trade from Hong Kong is evident. In 1868 Jui-lin, Governor-General of Liang-kwang, initiated his customs blockade of Hong' Kong (and Macao)⁴².

We have so far considered the opium trade before 1860 and Hong Kong's rôle after this date. It brings us to the decade after legalization and the manner in which the

trade was conducted generally. There were three very different aspects of the opium trade: 1) the trade in which the drug was conveyed to the Treaty ports by foreign steamers and consigned to foreign firms at the ports; 2) the trade in which opium was sold to Chinese buyers at Hong Kong and conveyed by them in junks to the Treaty ports along the south China coast; and 3) the trade in which opium, bought by Chinese merchants at Hong Kong, was conveyed in native junks to non-Treaty ports and small harbours along the south China coast. According to Rule V that governed the opium trade, the first type was legal, but the second and third types were illegal.

In the first type, the import and distribution of opium at the Treaty ports followed a more or less set pattern. Hong Kong continued to be the warehouse for the drug, and one of the two centres for the entire trade, the other being Shanghai. All cargo-steamers bound for China called at Hong Kong, either to load or unload opium, and to seek information about the market of the drug in China - its saleability, price and demand. Opium so stored in Hong Kong was sent by steamers to the southern Treaty ports - Canton, Amoy, Swatow and Foochow - which were distribution centres for South China. Shanghai acted as the centre of distribution for the provinces along the Yangtze, and to some extent, north China. Opium consumed in North China and Manchuria was also imported through Tientsin, Chefoo and Newchwang. The drug thus imported into the Treaty ports was placed in bond at the hulks or warehouses of the Foreign Inspectorate. The foreign importer then pay the Tariff duty and sell it to Chinese buyers, who pay local dues levied at the ports for consumption there. When it was taken into the interior of China, it was subjected to provincial levies at the numerous barrier stations en route to its destination.

The second type was illegal because opium could

only be imported into China by foreign merchants according to the Rules of Tariff of the 1858 agreement. However, the provincial governments concerned did their best to encourage this type of opium trade. This was because the Foreign Inspectorate had no jurisdiction over the junk trade, which was administered by the native customs, commonly called the 'haikuan'. The revenue so collected went to the provincial coffers, while that collected by the Foreign Inspectorate went to the Imperial treasury or the Board of Revenue. It is therefore clear that the local authorities encouraged the junk trade in opium despite the 'technical' illegality. Thus dues levied on opium by the native customs differed from those of the Foreign Inspectorate. Though the amount varied from place to place, it was, as a rule, always less than the Tariff duty. Foreign merchants at the Treaty ports objected to this differential treatment, but the British government had no legal right to interfere. This trade could be considered as an 'extra-treaty' one; and as long as the Imperial government was willing to tolerate its existence, the British government could do nothing except making unavailing protests. As regards the foreign opium merchants at Hong Kong, it has already been pointed out that they welcomed this type of trade.

Of the third type, junks carrying opium to the un-opened ports can be divided into two categories: those that called at ports where there were native customs establishments, and those that tried to unload their opium at small harbours and anchorages that did not have customs stations. The former would pay the same as junks that called at the Treaty ports, though at times the amount levied was less; whilst the latter would attempt to evade all duties and dues and smuggle the drug into the interior. The provincial authorities tried to stop the second but permitted the first type. Owing to the countless number of harbours and inlets that exist along

the coast, especially in Kwangtung, it was practically impossible to exercise any effective control over smuggling. It is easy to see how these illegal activities affected the opium trade at the southern Treaty ports, especially Canton, where the import declined sharply year after year⁴³. In the sixties, especially during the latter half of the decade, piracy along the south China coast had been suppressed to such an extent that it no longer posed a serious threat to the coastal trade⁴⁴. Ironically, safety from piracy on the high seas enhanced, rather than diminished, smuggling activities by junks.

Taxation of opium

Apart from the Tariff duty of 30 taels per picul, other dues on opium were very much undefined in that they varied from province to province, and port to port. As a general summation, however, they can be classified into two broad types, but levied together: likin and ch'uan. The first was based on pai-huo likin (likin on general merchandise) and the second on ch'uan-ch'uan (induced contribution), both advocated by Lui I-ch'eng, an Imperial censor and member of the Board of Punishment, in 1853 (based on the advice of Ch'ien-kiang, his counsellor). These suggestions were made because of the need for additional revenue to pay for increased military expenses due to the outbreak of the mid-century rebellions, and were accepted by the Imperial government⁴⁵.

In the years between 1860 and 1869 (from legalization to treaty revision), the Imperial government made some attempts to instal a systematic collection of the Tariff duty and other dues on opium, but with little success. In 1860 the Board of Revenue directed that the method of collection at Shanghai should be adopted at all the Treaty ports. The likin offices were delegated to collect the Tariff duty and another 70 taels per picul as a combination of all dues, which would free the opium from further levies until it reached the inland market, provided seals on it

were not broken. Accurate accounts of the amount collected were to be kept and submitted to the Board once very three months. Apart from a certain percentage to be used for local military needs, the rest was to be remitted to Peking. Customs barriers were also to be established at key crossroads to prevent any evasion of duty and preventive services were also to be strengthened⁴⁶. From the different rates of likin and other dues that were levied after this date, such a directive obviously went unheeded, and the Board of Revenue soon after appeared to have lost interest.

In 1861, the Tsungli-yamen, consequent to a memorial from Robert Hart on the subject, seemed to have realized the necessity of framing rules and regulations for the taxation of opium. A memorial was submitted to the throne asking that the Board of Revenue should be given the task of formulating the necessary regulations. The Board, in its turn, memorialized that the Tsungli-yamen should be entrusted with such a responsibility since its job was to deal with the Treaty powers⁴⁷. Through the evasion of responsibility by these two departments, the matter was shelved.

What Hart had suggested in his memorial had contained concrete proposals and positive analysis of the taxation of opium. He pointed out that 70,000 chests were imported into China annually and a heavy duty would place a premium on smuggling. He noted that as an example, Shanghai had collected 80 taels per picul (30 taels Tariff duty and a total of 50 taels of other dues) but did not bring in much revenue as shown by the returns of the customs. He proposed two alternatives: 1) a heavy import duty of 60 taels per chest be imposed, allowing the opium freedom from further levies; or 2) a tariff duty of 30 taels from the foreign importer and 15 taels from the Chinese purchaser which would allow the opium free circulation in the prefecture in which the Treaty port was situated, but after leaving the

area, it could be taxed as the provincial authorities saw fit. He also suggested that Chinese opium dealers should be registered and be issued with licences. With such arrangements, duties could be collected on about 60,000 chests of the 70,000 chests imported annually, and more revenue would be obtained than if the Shanghai system were adopted⁴⁸.

In 1864 Li Hung-chang suggested that small levies be dropped from the collections at the Treaty ports so smuggling could be minimized. This received Imperial approval but was not carried out at the ports⁴⁹.

Such were the 'attempts' to introduce some sort of 'legislation' over the opium trade and its taxation by the Imperial government. Upon reflection, they should be called 'gestures' in that they were only half-hearted endeavours and lacked any conviction or intent. Given this lack of guidance, the provincial governments, especially the ones along the coast which embraced Treaty ports, were not slow to take the initiative in 'legislation', and each formulated its own measures deemed most suitable. As a result, there was no uniformity in the systems adopted, whether they be the means of collection or the types and rates of dues. To these the Imperial government offered no interference. Some provincial authorities presented their proposed regulations and received due authorization from the Emperor, while others just initiated them without seeking Imperial sanction, and the absence of reprimand was taken as tacit approval.

Before we discuss the different regulations or systems framed by the provincial authorities for the taxation of opium, it is appropriate to clarify the types of dues levied on it apart from the Tariff duty⁵⁰. The example of Foochow can be taken, since this port from the beginning collected the heaviest and the most varied types of dues⁵¹:

Malwa & Persian Bengal
(all per picul)

Tariff duty @ 30 taels plus 10%	33.0.0	33.0.0
Chinese duty & meltage fee (<u>Hwa-shui</u> - imposed in 1860-61)	41.4.0	49.6.8
<u>Likin</u> proper & meltage fee (imposed in 1857)	24.0.0	29.0.4
<u>P'iao-shui</u> & meltage fee (imposed in 1863)	17.6.0	21.1.2
Fee on each chest (<u>Kuan-hang</u> - imposed in 1866)	1.4.4	1.4.4
<u>Total</u>	<u>taels</u> 117.6.4	134.2.8

In a report made to Hart by T. Dick, the commissioner at Shanghai, an assessment of the average total amount collected at the Treaty ports was compiled. The first collection of any type of opium duty was at Amoy in 1855 to the amount of 1.4 taels per chest. Foochow and Chefoo followed soon after and the levy was increased to an average of 47 taels. In 1857, Shanghai also started to collect a local levy and the average rose to 49 taels. The war years saw a slight decrease to 40 taels in 1858, and then an increase to 45 taels in 1859. In 1860, when the importation of opium was officially legalized, the average collection in fourteen ports was 53 taels (excluding the Tariff duty). Between 1861 and 1864 additional local charges brought the average to 64 taels. From 1865 to 1869 it rose to 76 taels⁵². From the above it can be seen that there was a steady increase in the amount of local levies, and therefore a continuous stimulus to smuggling.

The reasons that motivated the provincial authorities to levy local dues on opium can be summarized as follows: Tariff duty on the drug was collected by the Foreign Inspectorate and earmarked for the Imperial coffers of which they had no part. Thus they had to devise their own ways to collect dues for provincial use which was dependent on two factors - the amount levied could not be so high

as to provide an incentive to smugglers and the mechanisms of collection could not be too vexatious or involve too much expenditure as to make the balance too minimal as a source of revenue.

With such considerations in mind, it was only too natural to turn back to a system akin to that of the 'co-hong' of the pre-treaty days. In most of the Treaty ports, opium monopolies were formed by prominent Chinese merchant firms. They were variously known as opium farms, opium guilds and opium farmers. The monopolists signed agreements with the local authorities, ranging from one to five years, guaranteeing an annual payment of so many taels for the monopolies, which meant that they possessed exclusive rights of purchasing opium from the foreign merchants and selling it. Their annual payments to the local authorities were based on assessments on the amount imported, and the averages so arrived at were seldom on the maximum amount imported so that the monopolists would derive a profit. The local authorities, on the other hand, were satisfied with such monopolies because they not only guaranteed a steady revenue but also would do away with an expensive and perhaps inefficient preventive service. In 1859 this system was already in use at Canton⁵³. If such a method was not practised, collection of dues were entrusted to special offices set up for the purpose: the opium likin offices which employed their own likin runners to prevent duty evasion by the Chinese merchants.

Response to such arrangements from the British authorities in China on the whole took the form of a 'laissez-passer' policy. They realized that opium was to be treated differently from all other articles of trade and the Chinese government had every right to tax and regulate it as they saw fit. The formation of monopolies violated treaty stipulations, but as long as it concerned only opium, there were no legal grounds for objection⁵⁴. The British government, likewise, adopted the same policy⁵⁵.

Although opium monopolies at the Treaty ports were common practices after 1860, the Canton government⁵⁶ went a step further in 1868. Smuggling had not decreased with the introduction of the monopoly at Canton, and it was decided to effect a different rate of payment for opium conveyed to Treaty and non-treaty ports. Opium imported into a small port fifteen miles away from Swatow paid exactly half of what was levied at that Treaty port⁵⁷. The differences between Canton and the neighbouring port of Kiangmun were just as pronounced: opium brought in by foreign vessels to Canton had to pay a Tariff duty of 30 taels per picul, likin of 18.4 taels and 8 taels to the opium monopolist, making a total of 64.4 taels. From there to the North and West Rivers, additional levies of 25.3 taels had to be paid (4.5 taels to Canton officials, 10.4 taels for passing the tax station at Samshuy, the same amount at Lupaou or How-le stations - one for the North and the other for the West Rivers) making a grand total of 89.7 taels per picul. If opium was imported to Kiangmun, on the West River, by native junks, for every picul there was a duty of 22.4 taels and likin of 16 taels making a total of 38.4 taels⁵⁸. By this differential treatment of levies, smuggling was reduced somewhat and the provincial coffers enriched. However, this meant that for every picul imported through Kiangmun the Imperial government lost 30 taels (Tariff duty); the Foreign Inspectorate complained of this irregularity but to no avail.

Native (Chinese) opium

After 1860 China's own production of opium, commonly called 'native opium' as distinct from 'foreign opium' or 'Indian opium', came to play an increasingly important part in the formulation of opium policies by both the Chinese and British governments. Its importance cannot be overlooked.

Sources vary on the time when China started poppy

cultivation. During the reign of T'ang Kao-tsung (650 - 684 A.D.), opium was already known in China⁵⁹. The earliest extant record that China knew of the art of cultivation and the extraction of the opium juice is in the 'Pen-ts'ao Kang-mu' ('Great Materia Medica' - compiled by Li Shih-chen in 1572) which describes the process in great detail⁶⁰. Opium was used to cure diarrhoea, indigestion, fever and various internal ailments. If we were to take this work as the reference, then the art of poppy cultivation had been known in China for three centuries before our period of survey. There is, however, no record of its being cultivated during that time. Prior to 1860, foreigners were not allowed to go into the interior of China and therefore could not make any reports or observations on the extent of poppy cultivation. The provincial governments, because of the prohibition of the drug, would not enter it in their records, nor would the Imperial government receive any reports of it. It is therefore largely guesswork to put a starting date to poppy cultivation in China. A distinction must also be made between the cultivation for medicinal use and for commercial use - separated by the amount of land used. For medicinal purposes, the drug must have been produced about the sixteenth century or even earlier; for commercial purposes, various estimates have placed the earliest date of cultivation at between 1750 and 1800, when the drug became 'popular' in China. It was started at Yunman using poppy seeds obtained from India via Burma. By the nineteenth century, poppy cultivation had spread to Szechuan and Kweichow. It is to be noted that these were the three western-most provinces which enjoyed a maximum degree of local autonomy. From there the cultivation spread so that by the 1860s, it was reported eleven provinces were engaged - Yunnan, Szechuan, Kweichow, Honan, Hopeh, Kiangsi, Shansi, Shensi, Kansu, Shantung and Manchuria⁶¹.

The financial incentive of poppy cultivation was particularly attractive to the farmer. It was estimated that a mou of land (six mou equals one English acre) could yield an average of eighty taels weight (1 tael equals 1 1/3 ounces) of opium juice which, when finally prepared into smokable opium, would weigh about twenty taels. About 1 tael weight of the prepared opium would sell for \$1 (Mexican). The total retail value would amount to \$20. The cost of production, including labour and fertilisers, would be about \$2, thereby realizing a profit of \$18 per mou of land. This was three times greater than that of beans or wheat, the alternative crops. Moreover, for food crops, there was the additional cost of manure; whilst cultivation of the poppy, on the contrary, enriched the soil. The residue from the poppy was very useful. The stalks could be used for fuel and oil extracted from the seeds for burning and cooking. Such oil was cheaper than bean oil, then commonly in use. Furthermore, the duration of the poppy crop was only six months; and during the rest of the year, the same field could be used for the growing of rice⁶². With these advantages, and given official patronage and non-interference, poppy cultivation became widespread.

Ever since the poppy was cultivated for commercial purposes, prohibition edicts had been issued, but these were largely ignored. In the 1860s, two such edicts were proclaimed⁶³. For the provinces of Shansi and Szechuan prohibition was quite effective; but in other areas the edicts were used more to obtain further 'squeeze' from the farmers. Nevertheless, the limited success prompted the commissioners of the Foreign Inspectorate at Tientsin and Shanghai to remark in 1865 that there was an increased importation of foreign opium to compensate for the decrease in the native production. These remarks showed that the native drug had begun to compete with the foreign varieties⁶⁴.

As to the levy of 'unlawful' duties on native opium, they were always very light, since the authorities had practically no way of enforcing their collection except the land tax, which was minimal. Some squeeze was also obtained such as the report that the opium farmers in Szechuan paid to the local authorities a local tax of 3 to 7 taels per picul and an octroi (or squeeze) of 2 taels⁶⁵. When native opium was conveyed to the Treaty ports, it paid, as a general rule and if payment was not evaded altogether, half the local dues levied on the foreign drug. As a native produce, it was of course exempted from the Tariff duty. At Foochow, for example, the likin on native opium was 35 taels per picul⁶⁶. Comparing this with the average total of 100 taels per picul levied on foreign opium, one can well see the striking difference in cost between the two types which enhanced the saleability of the native variety, especially during this period when its quality was improving rapidly.

General survey of Sino-British relations

A brief outline of Sino-British relations during this period will help to underlay the broad factors that affected the Opium Question. It must be pointed out that this is a generalisation, and as such is not to be subjected to empirical examination, as there are bound to be cases in which it becomes misleading.

The Convention of Peking was followed by an era in which the British government adopted a general policy of tolerance, if not friendship, towards China; and the Chinese government also did its best to reciprocate.

The British authorities - the diplomatic service in China and the Home government - adopted a new policy of conciliation and co-operation because it was realized that China was weak, internally and internationally; and because she had shown a willingness to effect changes and to join the 'world community', Britain should help her along, as a friend instead of as the antagonist of the previous decades.

Two wars had been fought and these had been mainly due to mercantile pressure for more commercial concessions from China. By the agreements of 1858 and 1860, Britain had obtained for her merchants what they had wanted, and they should not make further demands. In the process, Britain had also obtained political concessions from China in the sense that full diplomatic relations were now established. In order to ensure the smooth working of treaty stipulations, both commercial and diplomatic ones, a policy of understanding was necessary. The diplomatic service in China was competent to ensure such a policy, but it was instructed to exercise moderation and co-operation. Such a policy was supported in general by the other Treaty powers. This change of attitude on the part of the foreign governments gave 'forward-looking' Chinese officials a favourable atmosphere in which to conduct international relations and to seek admittance into the 'world community'.

The Imperial government of China, after her second defeat, also realized the need for change. A group of 'enlightened' officials came to dominate China's foreign policy, persons like Prince Kung, Li Hung-chang and Kuo Sung-t'ao. Together with the establishment of two new departments to centralize control over foreign affairs in the diplomatic and commercial spheres - the Tsungli-yamen under the leadership of Prince Kung, and the Foreign Inspectorate (or the Chinese Imperial Maritime Customs) under Robert Hart - China was able to embark on a new policy towards the Treaty powers. It was one marked by the strict adherence to treaty stipulations on the one hand, and the utilization of international law and western diplomacy on the other.

The Tsungli-yamen was established because the Treaty powers wanted to be able to deal with a central office at Peking. Although it was founded by the force of circumstances and was never intended to be a permanent

department of the central government, yet under the energetic and enlightened leadership of Prince Kung, it became distinctive. Its ministers became aware of the necessity of a thorough understanding of the West in order to deal with the Treaty powers on an equal basis. They learnt, adapted and adopted from the West and were able to practise the motto of 'using barbarians to control barbarians' successfully, though it was used in an entirely different context from the forties and fifties.

The Foreign Inspectorate, which controlled all customs matters of China's foreign trade, under the energetic leadership of Robert Hart, was able to discharge its duties with integrity and efficiency. This helped greatly in shaping the image of China in the eyes of the Treaty powers, which contributed to the success in China's new 'foreign policy'. It also worked in close co-operation with the Tsungli-yamen, especially in customs and revenue matters related to the foreign trade, and helped the latter to solve many unfamiliar problems.

It is within this context that Sino-western, but more particularly Sino-British, relations should be looked at. The Alcock Convention of 1869 is the classic example of a settlement negotiated in this atmosphere of co-operation and conciliation. Its non-ratification temporarily shattered the illusion the Chinese government held of western friendship, but it did not destroy the new policy adopted. Solutions of the Opium Question provide the best example of a negotiated settlement within this context.

Definition of the Opium Question

The Opium Question as defined in the beginning of this introduction is far too large a subject to be discussed competently in one study. It involves a tremendous span of time - from perhaps the beginning of the eighteenth century to the present day because opium addiction is still in existence. It was influenced by many factors - diplomatic, commercial, religious, moral, social and ethical, to name

the more important ones. Thus, it is the intention to study this problem over a very limited time-span and restricted to a few factors. The period so chosen is from 1860 to 1887, that is from the time of the legalization of opium to the beginning of joint collection of the Tariff duty and likin on opium. The main emphasis is on the taxation of foreign opium, as suggested by the period chosen. However, other factors related to this issue will also be considered. They are the customs blockade of Hong Kong and the growth of native opium - each important in its own right, but together with the question of taxation of opium, they serve to define the Opium Question with which this dissertation will study.

A brief definition of the three aspects of the Opium Question is as follows:

1. The taxation of foreign opium - Legalization of the opium trade only provided for the levy of a Tariff duty of 30 taels per picul on foreign opium, but did not deal with the problems of inland taxation such as likin, and the methods of collection. Attempts were made in the Alcock Convention and the Chefoo Convention, and in subsequent negotiations until the signing of the Additional Article to the Chefoo Convention of 1885 which settled this aspect of the Opium Question.

During these years, interested parties made their voices heard, and added further complexities to the problem. On the international level, the 'interference' by Germany complicated the negotiations between China and Britain. With the Chinese government, conflicts arose between the Imperial and provincial governments, between the Foreign Inspectorate and the Chinese native customs, and among officials with their own interests or principals to maintain.

Likewise, the British government also saw the emergence of differences of opinion among the various departments - the Foreign, India and Colonial Offices. The first

had no vested interests in the opium problem, but the India Office had to represent the very real interests of the Indian government while the Colonial Office had to take into consideration the trade and status of the Colony of Hong Kong. Added to these complications were the views advocated by mercantile communities and anti-opium societies, both of which were politically powerful.

All these factors added to the complexities towards reaching an agreement over the taxation of foreign opium; but also provide an insight into the 'history' of China and Britain - internal and external⁶⁷.

2. The customs blockade of Hong Kong by China - The blockade came about as a result of increased smuggling from Hong Kong, especially in opium. It was instigated in 1868 to end the clandestine trade from the Colony and Macao⁶⁸. It started as a purely regional or provincial affair since it was the Canton authorities, and not the Imperial government, that organized it. However, the very nature of the blockade turned this issue into an international matter. It became irrevocably interwoven with the problem of the taxation of opium, and was as part of the Opium Question as the latter. The enforcement of the Additional Article of 1885 became dependent upon it, and legislation of the opium ordinance in Hong Kong in 1887 saw the conclusion of both problems.

The blockade also saw conflicts between the Canton and Hong Kong governments, between the latter and the British consul at Canton, and strong complaints raised by the Hong Kong merchants. Though these were basically 'local' in nature, they did reflect, on a smaller scale, the conflict between the Chinese and British governments.

2. Native opium - Our period of survey saw an acceleration in the quantity of opium grown in China. This led to new considerations by both the Chinese and British governments in their respective opium policies.

The Chinese government was faced with the conflict of

two factions: one advocated the total suppression of native opium and the other argued for encouragement of poppy cultivation in order to compete with the foreign drug. It was a moral argument versus a utilitarian one.

The Indian government and the India Office became increasingly worried by the effect native opium had, and would increasingly have on the demand of Indian opium in China. This led to a new appraisal of policy by the various departments of the British government, and greatly influenced the decision-making concerning the taxation of opium issue.

These are the three aspects of the Opium Question that will be dealt with in this dissertation.

CHAPTER 2: INSTIGATION OF THE CUSTOMS BLOCKADE.

Smuggling activities and Preventive measures before the blockade

Despite initial proclamations by Charles Elliot in 1841¹ and Henry Pottinger in 1843² to prevent Hong Kong from becoming a smuggling depôt after it became a British Colony, it quickly became one. Some details of the Colony's smuggling activities have been given in the previous chapter³, but in order to fully comprehend the magnitude and intensity of such activities, more enumeration is needed.

In 1862, only two ^{years} after opium had been officially legalized as an import, D.B. Robertson, British consul at Canton, reported that smuggling activities were greatly on the increase owing to the free-port status of Hong Kong, the numerous bays, rivers and inlets along the south-west coast of China, and the inability of Chinese officials to suppress them and even their connivance at such activities⁴. W.H. Peddar, British consul at Amoy, also reported the same occurrences and even said that a Portuguese-owned clipper schooner was solely engaged in clandestine trade along the coast⁵. Of the goods smuggled into China from Hong Kong, opium ranked first, not only in bulk and value, but also because of the excessive local taxation imposed upon it. A.W. Hewlett, British consul (acting) at Foochow, supported this statement, saying that at least 16% of opium imported into the port came in through clandestine means⁶.

Smuggling was increased by the fact that by then the junk trade, i.e. imports to and exports from Hong Kong carried in junks owned by Chinese traders, had almost completely taken over the coastal trade in south China. Moreover, foreign imports seemed to be completely dominated by Chinese merchants and their junk trade⁷. Chinese merchants could purchase foreign goods in the Treaty ports; however, since Hong Kong was only a six hour journey by

boat from Canton, the merchants found it more convenient to go there and purchase such imports. By carrying goods from Hong Kong to the un-opened ports along the south China coast, they could evade the payment of all duties. As articles were successfully smuggled to the un-opened ports and villages, the legal trade at Canton suffered which also affected other Treaty ports and China's revenue⁸. In 1866 Robertson once again pointed out the ease with which smugglers could evade duties, and estimated that the annual consumption of opium in Kwangtung should be in the vicinity of 18,000 chests, but only 3,400 chests were legally imported into Canton. The difference was made up either by smuggling or by unloading at places along the coast where the native customs charged much less than the Tariff duties⁹.

The Canton government was very much aware of the extent of smuggling activities and had already taken some preventive measures. It should be pointed out that, despite the fact that the Governor-General was the highest authority within the provincial administration, the collection of Tariff duty and other dues was vested in the hands of many bodies with different interests and affiliations. The Foreign Inspectorate, directly under the control of the Imperial government at Peking, collected all Tariff duties on imports and exports at the Treaty ports. The amount collected, after deducting expenses involved, was remitted to the capital. The Governor-General and Governor collected the likin and some other local levies. These were almost totally retained for provincial uses though some were remitted to the capital. The Hoppo, or properly known as the Imperial Superintendent of Customs, was an imperial clansman sent by the Emperor to Canton to collect special duties for the throne's own coffers. These constituted special levies such as the nei-ti shui (inland tax). The salt comptroller, basically a tax farmer, monopolized the salt duty under special

licences issued by the provincial authorities. Apart from the variety of tax collectors, in the actual collection and supervision of customs, there was no collaboration among these different groups. This situation, therefore, complicated all the procedures. Effective means of revenue collection became the responsibility of local officials¹⁰. In Kwangtung, before the initiation of the customs blockade in 1868, various measures had been resorted to, but they either met with little success or were strongly objected to by the Treaty powers on grounds of violation of Treaty regulations. Sometimes measures proposed were not even put into practice.

One of the first suggestions was made by the Hoppo as early as 1859, when Tariff negotiations had just been concluded at Shanghai. Unable to obtain any guarantees from merchants against smuggling, he obtained the petition of a group of 'honest' merchants who wanted to set up a guild to ensure revenue collection for him. Kingkwa, a former co-hong merchant, was given the monopoly. This was strongly opposed by the Canton consul, Rutherford Alcock, who maintained that such an establishment was against treaty stipulations and that it would definitely result in malpractices, similar to the co-hong before treaty days. In his concluding remarks, however, Alcock said that he was ready at all times to do whatever was in his power to facilitate the rightful collection of duties guaranteed by treaty and to put an end to any abuses¹¹. It is probable that such a favourable attitude from the British consul gave the Canton authorities an incentive to institute measures that would end smuggling without contravening treaty stipulations.

The contemplated action of the Hoppo quickly led the Acting Governor-General, in September 1859, to establish an opium monopoly similar to the one in Hong Kong¹². The first contender was also Kingkwa, who was willing to pay a monthly rental of 20,000 taels for the monopoly.

But when the scheme came into existence in October, the monopolists were Pontingqua and Mingqua, also former co-hong merchants, who had devised a more flexible system, but one still reminiscent of the old co-hong methods. The monopoly would levy a combined duty of 50 taels per chest, of which 30 taels would go to the Canton government, 3 taels to the steamer that would be chartered to bring the opium from Hong Kong and 17 taels to the monopolists¹³. Nevertheless, this system did not put an end to smuggling, since the monopolists only exercised their monopoly in the city of Canton and nowhere else.

Attempted measures to prevent smuggling ended there apart from Robert Hart's suggestion to the Tsungli-yamen in 1861 but which was not acted upon¹⁴. Then in 1866, Robertson once more raised the question. Being aware of the extent of the clandestine trade and the anomalous situation of Hong Kong, he suggested a possible remedy. He argued that owing to piracy and the inefficiency of Chinese revenue officers at suppressing smuggling, the Chinese government should permit foreign vessels to call at un-opened ports, but they should have customs officers on board to ensure that the vessels would return to Canton to pay duties on their cargoes. He argued that this would not only prevent smuggling to a great extent, but would also enhance the foreign trade at Canton. This suggestion was officially made but no action was taken¹⁵.

Thus, during the decade before the customs blockade was instigated, attempts made against smuggling had all proved futile. The only successful instance was the customs house at Taiping, which managed to collect a great deal of revenue. This prompted the Emperor to express gratification and to ask that the system there be extended to other customs stations. However, this apparently became a dead letter since no action was taken on the edict by the local authorities¹⁶.

So far we have only dealt with attempts made to prevent

smuggling and duty evasion. During the sixties there were three notable cases which resulted from such undertakings, and which directly affected Hong Kong. In these three instances, the Canton government, though showing some degree of lack of awareness and understanding of international law, was nonetheless very prompt in redressing the mistakes made. These incidents can very definitely be regarded as the prelude to the blockade which demonstrated the strict observance of treaty stipulations and international law, creating a landmark in the history of Sino-western relations.

The first was the 'Prince Albert' affair. On 21 March 1866, a Hong Kong registered steamer, the 'Prince Albert', owned by a certain Kwok A Cheong, was chartered by a well-known Chinese merchant to look for a disabled junk that had come from Indo-China carrying a cargo of rice. The steamer was unable to find the junk, and in fear of suspected piratical junks, had anchored some miles off an un-opened port, Shui-tung. It was seized there by the native customs revenue cruiser 'Hai-ching' on 23 March, on the grounds that it had violated Article 47 of the Treaty of Tientsin¹⁷. The steamer was found guilty at a special hearing at the customs house in Canton attended by representatives from both sides. As a result of the verdict, the steamer was confiscated¹⁸.

The owner then petitioned the Governor of Hong Kong, Sir R.G. MacDonnell¹⁹, who acknowledged that the steamer had violated the article, but contended that the penalty had been unduly severe, since it could not have and had not been engaged in smuggling activities. The Governor appealed both to Alcock, the British minister at Peking, and to the Colonial Office pleading the innocence of the vessel and asking for its release²⁰. After reviewing the entire case, both the Colonial and Foreign Offices agreed that the steamer had indeed violated treaty stipulations and the Chinese government had acted correctly. However,

in view of the unproven nature of its attempted smuggling activities, mitigation of the offence was asked from the Tsungli-yamen²¹, which duly asked the Hoppo at Canton for mitigation²². This was complied with by asking the owner to pay \$9,000 for buying back his ship, but the payment was eventually settled at \$4,000, which was one-eighth of the price the owner had quoted for the vessel²³.

Although further complaints came from MacDonnell²⁴, the case had been settled and both the Foreign and Colonial Offices regarded the matter as closed²⁵. It is also important to note the differences in the interpretation of the outcome of this case. On one side, the Hong Kong government heralded the 'Prince Albert' affair as a victory, though MacDonnell was reprimanded by the Colonial Office for this²⁶. Alcock and Robertson, on the other side, claimed it only 'an act of grace' by the Chinese authorities²⁷.

The 'Prince Albert' affair in fact had two precedents. They were the cases of the 'Scotland' and the 'Mercury'²⁸. The point to note is that the Chinese government acted perfectly within its rights and according to treaty stipulations. However, once representations were made by the British government, both the Imperial and Canton governments were very willing to agree to a mitigation of the offences, although they had every right to insist on the original verdicts. Such an attitude led to a more than cordial relationship between the Tsungli-yamen and the British Minister, and between the Canton authorities and the Canton Consul. On the other hand, the Hong Kong government, eager to preserve the prosperity of the Colony, was perfectly willing to side with the culprits, a factor that was to dominate the estranged relationship between the Governor of Hong Kong and the British diplomatic corps in China, and between the Colonial and Canton authorities throughout this period. It is this conflict

of interests, and the differences in interpretation of issues that is distinctive of Sino-British relations during this period.

The second case concerned the seizure of an opium junk in Hong Kong waters. On 15 October 1867, the revenue cruiser 'Hai-ching', captained by W.N. Folsom, seized a junk that had just left Hong Kong harbour, in which 46 balls of unstamped opium, plus general cargoes, were found. The junk was then towed to Canton, where it was found guilty of attempting to smuggle opium in contravention to the Governor-General's proclamation that to avoid seizure any junk with opium on board must pay the likin dues at Canton, either by the owner himself or through an agent, and be issued a pass.

MacDonnell then made very strong representations on the owner's and the Colony's behalf, maintaining that according to treaty stipulations and the existence of friendly relationships between Britain and China, Hong Kong and Canton, such a seizure, in open sight of the harbour master and within the three-mile territorial limit of the Colony, constituted an act of hostility. Moreover, he complained that such seizures, with the 'Hai-ching' at the eastern pass of the Colony and two revenue junks at the western pass, posed a virtual blockade of Hong Kong, and obstructed the entire junk trade of the Colony. He insisted that the Canton government had no right to act in such a way, since it was their duty to levy dues at the port of disembarkation when the cargo was being unloaded. That such duties could not be carried out should not mean that seizures could be made directly outside of Hong Kong waters. MacDonnell demanded the return of junk and her cargo, and even threatened that if any such seizures were made in future, very strong reprisal actions would be taken. He further said that if the junk had been seized because it had opium on board, it should be noted that the opium smuggled from Hong Kong

was minimal, and this seizure was therefore out of proportion to the gravity of opium smuggling. He also said that if such a blockade of the Colony were instigated, other articles of trade, such as cotton, whether they were for transshipment or not, could be seized. This would lead to a total destruction of the flourishing junk trade of Hong Kong²⁹.

Robertson, in his assessment of the legality of the seizure, replied that according to the testimony of the captain of the 'Hai-ching', together with a chart and a reply from the Hoppo to whom the revenue cruiser was responsible, the seizure had been perfectly in accordance with treaty stipulations especially in regard to Rule V and article 46 of the Treaty of Tientsin³⁰.

The entire matter was referred to the Colonial and Foreign offices and the Board of Trade. The last two concurred with the legality of the seizure, saying that in Britain there existed even more stringent measures³¹. The Colonial Office, however, though condemning MacDonnell for the harshness of his tone to the Chinese government, advised the Foreign Office that new regulations or a clearer understanding of the right of seizure should be obtained from the Chinese government³².

Upon further representations by Robertson on behalf of the Colonial government, the Governor-General, who had been eager to maintain a cordial relationship with Hong Kong, decided to and did return to the owner, through the offices of the Colonial government, the amount received for vessel and cargo already sold for \$1,112 and \$756 respectively. This was, however, accompanied by a statement of principle. The Governor-General maintained that he reserved the strict legality of the seizure. Nevertheless, he was of opinion that there were circumstances attending the case which could lead to a misconstruction of the acts of the Canton authorities, and with the view of removing any doubts on that head, he had directed the

amount realized to be remitted to the owner³³. Moreover, in order to maintain friendly relations with the Hong Kong government, the Governor-General had ordered that in future revenue cruisers should only make seizures that were definitely outside the territorial waters of the Colony³⁴.

The opinion of the Law Officers in London was that where there was no three miles difference between British and Chinese territory, the middle of the channel should be the dividing line separating the territorial waters of the two countries³⁵.

The seizure of the opium junk points clearly to the greatly divergent opinions on the interpretation of treaty stipulations and sentiments on the part of the diplomatic corps and the Hong Kong government. The former, supported by the Foreign Office, maintained that the seizure was legal and that the Chinese government could do anything it wanted. This attitude was reflected not only in the instigation of the blockade, but also in subsequent incidents. That MacDonnell again chose to defend smugglers from Hong Kong made it a point that smuggling was of minimal amount showed his bias. The Governor-General of Liang-kwang, Jui-lin, demonstrated his ability. On the one hand, he maintained strict adherence to treaty stipulations; on the other, aware of the necessity of maintaining a cordial relationship with the Canton consulate and the Hong Kong government, he was willing to compromise. That he agreed to refund the money is ample proof of a dexterity in western diplomacy which he was to prove innumerable times in subsequent years.

The third case was concerned with the levy of salt dues in Hong Kong waters. In the two cases just mentioned, the Canton authorities had acted legally; but in this case, it was an unlawful act. However, the fault lay with the salt monopolist and not with the government, though as with previous cases, it was more than willing to redress

the wrong done. This gave the Hong Kong government and the merchants a boost in morale, but apart from this, nothing important resulted from the incident.

Between 5 and 7 January 1868, several fishing junks in Tootewan, Stanley and Aberdeen were visited by two fully-armed salt revenue junks. They demanded and obtained money for salt warrants, the procurement of which meant that the fishing junks would be free from salt levies for one year. However, these revenue junks had levied the dues in Hong Kong waters, and strong objections were raised by MacDonnell³⁶.

He called such activities an infringement of the territorial waters of Hong Kong and a definite violation of international law, which might lead to very serious consequences. Representations were made to Robertson, as well as the Colonial Office. Both regarded the matter as very serious. The Colonial Office wrote to the Foreign Office asking for clarification and demanded that justice be done. It suggested that, 'after making all allowances, the proceedings of these Chinese Customs cruisers,....have been of so flagrant a violation of British territory that the persons guilty of them ought not only to be prevented from repeating them but also be subjected to some deterrent penalty the nature of which is not material but which perhaps would most properly take the form of payment of such a sum as would enable the British Government to repay all the sum received by the contractor in British waters to the fishermen from whom the contractor thus improperly exacted them.'³⁷

Robertson, instructed by Alcock through directions from the Foreign Office³⁸, made representations to Jui-lin asking for 'an official and distinct disavowal of the acts of the cruisers; with an expression of sincere regret and the offer of reparation to the persons illegally mulcted of money....an equally formal censure of the Salt Comptroller, with a warning of serious responsibility to attach

to him personally for any future offence of the same character.³⁹ However, in semi-private correspondences between Robertson and Alcock, both expressed the view that an apology was sufficient and that although the modus operandi of the salt gabelle cruisers was indefensible, yet the lack of sympathy on the part of the Colonial government was also to be regretted⁴⁰.

When the Governor-General was approached by Robertson to effect remedies, he immediately apologized for the incident and promised that a full investigation would be conducted and the guilty parties punished⁴¹. This was considered as insufficient and further representations resulted in the Governor-General offering a written apology as well as verbal apologies and his agreement to pay the Hong Kong government 100 taels as the sum the salt revenue junks had collected. Indeed, the amount actually collected was not more than 10 taels⁴². The extent to which Jui-lin had gone to remedy the offence greatly pleased the British authorities. The readiness to effect compensations where they were due was made a point of special compliment by both Robertson and Alcock⁴³. Even the Colonial Office and the Hong Kong government expressed satisfaction at the result⁴⁴. But, in one of his despatches, Robertson once again pointed out the extremely serious nature of smuggling activities from Hong Kong and complained that though it was true the Colonial government had no obligation to help the Chinese government, it should not have offered resistance to every effort made by the latter to collect its rightful share⁴⁵.

As had been pointed out earlier, these incidents on the one hand showed the differences in interpretation adopted by the various authorities concerned; but, on the other, they also reflected that without a carefully-organized and thoroughly-regulated preventive service, disputes to the detriment of the Canton government would always arise. Such factors prompted the establishment of

the customs blockade in 1868.

Reasons behind the establishment of the blockade

The problem of revenue had always troubled the Imperial government and the provincial authorities. It was very much intensified by the rebellions in the eighteen-fifties, when expenditure greatly increased and income was correspondingly reduced. Though the biggest of the rebellions, the Taiping, had been suppressed in 1864, the others were still very active and large amounts of money were needed to finance military expeditions. One case in point was Tso Tsung-t'ang's urgent request for money in January 1868⁴⁶. Moreover, the recent defeat of China between 1858 and 1860 had caused her to pay a heavy indemnity⁴⁷. All of these vast expenditures had to be met and money had to be obtained from somewhere. The revenue derived from the Foreign Inspectorate had mostly been accounted for and other means had to be sought. Likin had already been introduced in 1853 but it had only slightly alleviated the financial plight of the government. Provincial governments were urged to devise new ways and means to secure more revenue.

In the Liang-kwang area, the loss of revenue was even more acute because of the ease and therefore the prevalence of smuggling from Hong Kong of opium and other goods. Shortly after the arrival of Jui-lin as Governor-General in 1866, a successful reform was made by Chiang Yi-li, Governor of Kwangtung from 1866 to 1868, at the Taiping customs at Shao-chow fu⁴⁸. Previous to the reform, this station was farmed out by the local taotai and the tax-farmer obtained a fortune, at the expense of the government. The standard collection of 134,861 taels had never been effected since 1858 and annual deficits rose to 72,830 taels by 1865. Chiang, instead, appointed the taotai of Shao-chow fu to supervise the collection personally as an experiment. During the period from 30 November 1866 to 17 November 1867, he collected 189,825 taels. This was three

times more than the previous year's collection and exceeded the standard collection by 97,900 taels. Expenses towards collection only amounted to 40,189 taels, thus there was a net revenue of 149,636 taels. These returns did not include collection of duties on opium, which during this period amounted to 19,489 taels⁴⁹. The success prompted Robertson to remark that if revenue were properly collected and paid into the treasury, the Chinese government would have enough to run the country⁵⁰.

Following closely on the heels of the successful customs reform, Jui-lin was asked by the Imperial government to effect payment of 100,000 taels additional to the normal remittance, in January 1868⁵¹. This additional payment was to be increased every year. Since the Canton government was already deeply in debt and unable to obtain loans from anybody⁵², Jui-lin had to resort to new measures more intensive and all-embracing than the Taiping customs reform. He knew that this reform was on a very small scale and similar reforms with other customs could not yield the sufficient amount required by the Imperial government. However, realizing that smuggling of Hong Kong was extremely widespread and the yearly loss in revenue more than significant, Jui-lin decided to direct his attention to the British Colony. He instigated the so-called customs blockade of Hong Kong and Macao⁵³, the latter being a Portuguese-rented island lying about forty miles to the south of Hong Kong and at the other end of the Pearl Estuary.

In anticipating his future dealings with the Hong Kong government, Jui-lin was very much aware of the complications that would result. However, with the results of previous incidents to rely upon⁵⁴, he was able to map out a plan that would benefit greatly the provincial and Imperial coffers, but one that the British and Hong Kong governments could only complain but do nothing about, since every procedure would be conducted under treaty stipulations and

perfectly within the bounds of international law.

Although it is impossible to say how long Jui-lin had conceived the idea of a blockade before its implementation, he did contemplate it thoroughly and obtained the approval from Consul Robertson before it was finally instigated. A look into Jui-lin's negotiations with Robertson will give evidence to the above assertion.

Before embarking on this novel method of duty collection, Jui-lin communicated his intentions to Robertson⁵⁵. The reasons for such discussions were obvious. Jui-lin wanted to sound out the opinion of the British government. Robertson saw immediately the detrimental effect such stations would have on the foreign trade of Hong Kong and the severe implications it might have on international trade at large. As an alternative he suggested that some more ports along the Kwangtung coast could be opened for the reception of opium, and that licences could be issued to junks to carry opium and other foreign products. Such a measure would not only raise immediately a huge sum of money but would also encourage honest traders, thus bringing more junk trade with Hong Kong⁵⁶. Jui-lin was receptive to the proposal, but he doubted, quite correctly, the honesty of and the reliance he could place on the traders⁵⁷.

Failing to persuade the Governor-General to do otherwise, Robertson informed his superior, Alcock, of the plan and added that he himself believed nothing could be done to prevent the Governor-General from carrying out such an action⁵⁸. Alcock's reply to Robertson was in a similar vein. He agreed that such a measure was distasteful to traders and Hong Kong, but was perfectly legitimate according to treaty stipulations. He advised Robertson not to do anything to stop such a move. He went further to say that the Chinese government 'had a perfect and undoubted right to take what measures it deems best for the collection of its revenue.' He also condemned the

smuggling activities from Hong Kong, calling the Colony a 'depôt for smugglers' and said that it was publicly known that China lost about one million taels every year through opium smuggling alone⁵⁹.

Even before Alcock's instructions to Robertson arrived in Canton, Jui-lin had already prepared a list of possible sites for the proposed tax stations. Upon reviewing these, Robertson immediately objected to two sites which were either too near or within the territorial waters of Hong Kong and which could lead to political and judicial complications⁶⁰. Jui-lin took into consideration these objections and instructed some of his trusted subordinates to re-investigate and to make recommendations for the best possible sites for the tax stations⁶¹. By this time, the Governor-General was perfectly aware of the fact that Robertson was in full sympathy with his scheme.

Thus, in a communication to Robertson on 28 February 1868, Jui-lin emphasized that 'the opium-tax leviable at various places on the coast of Kwangtung is constantly evaded by the operations of smugglers, and that in view of the fact that opium imported from foreign countries is stored at Hong Kong and Macao, it is now intended to fix upon an eligible point in the direction of those two places at which a central station shall be established and civil and military functionaries be detailed for the purpose of levying the tax on opium.'⁶²

After obtaining an agreement from Robertson to the effect that it was perfectly legal for China to use whatever means it thought necessary to ensure the proper collection of taxation, Jui-lin supplied a map listing the places where tax stations would be situated⁶³. He also asked Robertson to notify not only Alcock but also the Hong Kong government⁶⁴.

After such preliminary steps were completed, on 1 July 1868, an official proclamation was made in the names of

the Governor-General and Commander-in-Chief of Liang-kwang and the Governor of Kwangtung: 'An announcement that Tax-offices are to be specially established on the Coast, for the better administration of the revenue and in the interest of the trading classes. Whereas in the collection of supplies in the Province of Kwangtung the item of primary consequence is the merchandize tax [likin], in which, again, an important amount accrues from opium.... although the annual import of opium reaches the number of several thousand chests, yet, from the time when Opium-tax Offices were first established, the amount of tax collected shews a deficiency of more than one-half....abuses must be prevalent in this matter....lawless persons...have fraudently assumed the guise of military officials...under the pretext of employment for the apprehension of smugglers.... In so far as the traders are concerned, since they suffer harm in consequence of their greed of gain, there is but little reason for sympathy in such cases; but there are some who, without desiring to evade the payment of duty are unable to preport their merchandize for payment of the tax owing to their not having reached the stations where it is levied, and are befallen with the like calamity, and the losses that such men incur do indeed call for commiseration.. ..The Viceroy, moved by these considerations, has now established regulations in accordance with which offices for the levy of the tax on opium will be opened in the neighbourhood of ... the District of Sin-ngan...and in the neighbourhood of the ...District of Hiang-shan...where civil and military officials will be stationed to levy the import tax on Opium, according to the following rates.... Stamped tickets and brand-marks will be issued, together with receipts in triplicate, after which, on opium being brought to Canton' and Whampoa, Ch'ao-chow-fu and Swatow, the tariff duty on the Opium must, as heretofore, be paid at the Maritime Custom's [sic] offices, in order that the regulations be fully complied with....' This was followed

by details of punishment for offences etc.⁶⁵.

This proclamation is worthwhile quoting at some length because it represented the awareness of the Canton authorities concerning treaty stipulations and their willingness to abide fully by them. Thus, although they were only concerned with the collection of likin, with the established^{ment} of the tax stations, that merchants should also pay the Tariff duty at Canton or Swatow is demonstrative of such an observance. The proceedings of the tax stations and revenue cruisers were no longer extra-legal, and valid reasons were given for the installation of such stations. Moreover, this proclamation covered all aspects concerning the method and amount of collection, types of punishment for duty evasion etc.. Neither Hong Kong nor Macao was specifically mentioned in it - but Hong Kong was situated in the Sin-ngan district while Macao was in Hiang-shan; this was done on purpose to avoid any possible complications with the authorities of these two places. Furthermore, the six stations (three for each place) were all outside the territorial waters of Hong Kong and Macao, and placed in such a way that the two exits from the Hong Kong harbour (and similarly for Macao) - Lyeemoon and Capsuimoon - were well-guarded by the stations equipped with revenue cruisers and junks. Under these circumstances, it became virtually impossible for any vessel to attempt to smuggle anything out or into these two places.

Following this move, agreement was reached with Keppel, the British Admiral, for the prohibition of armaments and 'stinkpots' on fishing junks⁶⁶. The regulations made were all-embracing and underline the desire of the Governor-General to appease Britain, since piracy affected British shipping as well.

Thus began the customs blockade. It provided the most effective means of checking smuggling at a minimal cost in the maintenance of customs stations and revenue vessels. Moreover, about one year after its initiation, foreigners

were employed to captain the cruisers, especially the newly-purchased steamers which had greater speed and manoeuvrability⁶⁷. Though the cost of their maintenance was very much increased, to 10,000 taels a month⁶⁸, yet it was 'minimal compared with the cost that would be incurred if effective patrolling of the entire coastline of Kwangtung, if not the whole of south China, was to be executed.

• Inclusion of other levies

Initially in 1868, when Jui-lin established his cordon of customs stations around Hong Kong and Macao, it was for the collection of just the likin (or chou-li) on opium. It was a collection on native craft or junks embarking from Hong Kong for places other than Treaty ports, where no customs supervision was either available or 'possible.

The success of the blockade saw in late 1870 an attempt by the Hoppo to introduce a similar cordon of stations and revenue cruisers to collect first the Tariff duty on opium, and later Tariff duties on all foreign imports that were conveyed in native crafts to non-Treaty ports⁶⁹. The acting commissioner at Canton reported this to Hart who, after consultations with the Tsungli-yamen, instructed him as follows: that if the Foreign Inspectorate at Canton was to collect the Tariff duty on opium, it would be entered into the report of import duties, and the steamer 'P'eng Chao Hai', under the command of deputy commissioner Brown, should be made available as a revenue cruiser; or that if the Hoppo was to undertake the collection himself, he would have to surrender to the Board of Revenue at least 60,000 taels a year to commence with and could obtain the services of the steamers 'Fei-hoo' and 'Ling-teng' for a rent of 5,000 taels a month⁷⁰.

The sum of 600,000 taels was arrived at as follows: during 1869-70 88,000 chests of opium arrived in Hong Kong and only 50,000 chests paid the Tariff duty; after the establishment of the customs blockade, 20,000 chests had

paid likin, but of this number, only 1,100 chests went voluntarily to the Foreign Inspectorate to pay the Tariff duty. Therefore, if the Hoppo wanted to collect the Tariff duty on opium proceeding to un-opened ports, the Imperial government should be compensated for the amount the Foreign Inspectorate would be unable to collect; the 20,000 chests paying the duty of 30 taels would amount to 600,000 taels⁷¹. This suggestion from Hart was not acted upon. Instead, following another suggestion made by the Tsungli-yamen and the Board of Revenue, an Imperial edict called on the Governor-General and the Hoppo to ensure that the Tariff duty on opium should be collected as well as the likin⁷².

In fact, the Hoppo had already begun his collection of Tariff duty on opium on 18 June 1871, without first waiting for Imperial approval⁷³. He had also purchased the 'P'eng Chao Hai' with 120,000 haikuan taels, and the vessel was to be commanded by a Captain Vassallo⁷⁴. The Hoppo in fact used the Governor-General's chou-li stations to collect his dues; in 1873 Wen T'ien became the new Hoppo and he started the levy of dues on general cargo⁷⁵. The problem of establishing stations near Macao proved more of a difficult operation, but a compromise was eventually reached in August 1871⁷⁶.

Although the Canton branch of the Foreign Inspectorate was not involved in the operation of the blockade, it was frequently consulted by the Governor-General and the Hoppo. In order to clarify the rôle of the office, Hart issued the following instructions in January 1872: '1. The collection of revenue from goods carried in Chinese bottoms in Chinese waters is a matter in which China is competent to legislate and take action without consulting any one. 2. The British Government has declared that so long as China does not take action in Hong Kong and does respect what can fairly be styled British waters, the Colonial Authorities cannot interfere with the proceedings of the

Canton Officials. Neither Governor at Hong Kong nor Consul at Canton will be supported in any steps they may take, to suppress the Opium stations, against the wish of the Chinese Officials.⁷⁷

During the first few years of the blockade, there was a good deal of corruption and squeeze among the Chinese tax officials. In order to lessen such occurrences and give the Hong Kong government less grounds for complaint, European officials were borrowed from the Foreign Inspectorate. First F.A. Morgan, and then J. Mcleavy Brown were lent to the Hoppo as managers of his revenue cruisers, junks and guardboats and to keep an account of the duties collected. However, the temporary transfer of these two to the Hoppo's service was done unofficially, and the matter was clarified in 1874. Under instructions from Hart, commissioner F. Kleinwachter served notice on the Hoppo that henceforth such 'borrowings' had to be made officially. After a great deal of negotiations the Hoppo eventually agreed and T.M. Brown officially became the manager of the Hoppo's customs stations and revenue vessels on 26 May 1874. Then in July of the same year, regulations were framed to put tide-waiters on board steamers to search luggage and passengers especially for opium⁷⁸. With this last arrangement, the customs blockade system could be said to have been fully completed.

There is no record of any returns on duties and dues collected at the blockade stations made by either the Governor-General or the Hoppo. However, it was estimated by Kleinwachter in 1874 that the total collection was in the vicinity of 460,000 taels a year. This sum would be equivalent to 14,783 piculs of opium. By comparing this amount with the 'access' in Annexure G of this dissertation, smuggling was extremely minimal after the blockade⁷⁹. Other factors can also be used to demonstrate its results. These are the inclusion of other levies soon after the blockade started, thereby proving its effectiveness

against smugglers; the ceaseless objections, increasing in intensity and volume, raised by the Hong Kong government and its merchants; and the reported cases of seizure made by revenue cruisers, the importance of which can be seen in the voluminous correspondence in the Foreign and Colonial Office archives of this period. All such evidence, although negative, point to the success of the blockade.

• Seizures and reforms of blockade proceedings

Initial years of the blockade saw some incidents which brought the Canton and Hong Kong governments into conflict and misunderstanding. The British consulate at Canton and the Peking legation also became involved, because the diplomatic corps acted both as intermediary and arbitrator. These incidents arose partly from the vehement objections to the blockade raised by the Colonial government and its mercantile community which continued until the blockade was lifted in 1887. They were also due partly to the over-zealous work of the Chinese tax collectors and revenue cruisers as well as attempts by some officials to secure personal gains and to the activities of persons impersonating revenue officers. However, these incidents were all settled amicably, and profiting from experiences and mistakes, the Canton authorities were able to tighten up security measures so that the blockade became more effective than ever.

Difficulties encountered by the Canton government included forced exactions and extortions, arbitrary confiscation of vessels and goods, impersonators posing as tax collectors, and vessels masquerading as revenue junks. These malpractices came to light as a result of a series of complaints made by merchants to the Hong Kong government⁸⁰.

Of these complaints, the most notable and representative was the case of the seizure of the 'San Wing Hop', passage boat No. 108 registered in Hong Kong. The vessel plied

regularly between Hong Kong and Cheung-sha. On 5 December 1868 it left Hong Kong for its scheduled journey carrying forty passengers and a cargo of cotton, piece goods, etc.. It was halted by revenue cruisers the following day at a place called Chuk Chan Tan, about nine miles from Macao. There the vessel, its crew and passengers were thoroughly searched. A small quantity of undeclared opium was found, and as a result, the entire cargo of the vessel was declared contraband and confiscated. The vessel was towed to Canton and a demand of \$2,400 was made for its release. The master of the vessel was imprisoned for over a fortnight⁸¹.

Representatives of the owner and part-owners of the boat and cargo then made representations to the Hong Kong government. The complaint was transmitted to Robertson, who duly informed the Governor-General of the illegality of the seizure and the confiscation. Investigation by the Canton government showed that the vessel was seized on the grounds of a proclamation made by the Hoppo which required all Chinese vessels to obtain a permit from Canton to carry foreign goods to Chinese ports and places. This proclamation was made to prevent smuggling and was perfectly legal according to the Treaty of Tientsin, since once foreign goods passed into Chinese hands, the Chinese government had every right to impose whatever regulations it thought fit. In this particular case, however, the Hoppo admitted that the proclamation had not been circulated for general information and also conceded that since it was the first seizure under the new ruling, he was quite prepared to restore the cargo to the owner and return the fine of \$2,400 to the master of the boat. This was done in March 1869, and at the same time the Governor-General withdrew the Hoppo's proclamation. MacDonnell then declared that he was satisfied with the settlement, which, he said, had resulted in a return of confidence among the Chinese traders in Hong Kong⁸².

On 6 February 1869, two months after the above-mentioned incident, the Governor-General, with a desire to put an end

to possible abuses, issued a special proclamation, which on the one hand acknowledged the presence of 'impersonators' but on the other gave details of the jurisdiction and actions of the revenue stations, junks and cruisers, and also 'details of severe punishments that would be meted out to impersonators when they were caught'⁸³.

Furthermore, to ensure that the revenue cruisers should have a distinctive identity which would distinguish them from impersonating vessels, a square flag bearing a dragon on a yellow background became the official national flag of China⁸⁴. After this emblem was recognized by the Treaty powers, it was flown on all Chinese government vessels after 30 March 1869⁸⁵.

Another incident in March 1869 which saw prompt redress from the Governor-General was the attempt by P'eng Yu, the person assigned by the Governor-General to map out the proposed tax stations, to exceed his authority as chief superintendent of the likin levy and establish a tax station in Hong Kong with a help of a certain Webster, a dismissed Hong Kong police inspector, and a certain Ho-a-loy, a former police court interpreter⁸⁶. Upon hearing of the incident, through strong representations made by the Hong Kong government, the Governor-General immediately ordered the closing down of the illegal station and severely reprimanded P'eng Yu⁸⁷.

Prompt redress of valid complaints and grievances, and immediate amendments to rules and regulations for the better control of revenue collection marked the first year of the blockade. The willingness on the part of the Canton government to co-operate with the Canton consulate and to a large extent with the Hong Kong government, resulted not only in amicable relations between the governments of the two countries, but also in an expression of sympathy and support by the British government. This can be seen in the reactions to the blockade from the Foreign Office in London and the diplomatic corps in China.

The Home government supported the contention, made by both Alcock and Robertson, that most, if not all of the complaints registered with the Hong Kong government were the result of smugglers caught in the act. With nothing more to lose, they hoped that by complaining, they might regain something⁸⁸.

Looking at this first year from another angle, despite the amicable and just approach adopted by the Canton government towards the Hong Kong government, relationship between these two authorities became extremely strained and deteriorated rapidly. Governor MacDonnell complained bitterly, both to the Canton government through the intermediary of the Canton consul, and to the Colonial Office in London. He insisted that the complaints he had received related to only one-fifth of the total number of actual incidents, and made the forecast that the Colony would be totally ruined if the blockade was to continue⁸⁹.

Support of the blockade by one branch of the British government and condemnation of it by another, became one of the most distinctive aspects of Sino-British relations in this period - and in special regard to the Opium Question.

Reactions from Hong Kong to the blockade

The blockade prompted an almost immediate response from the government and mercantile community, both British and Chinese, of Hong Kong. It was adamant and hostile, to say the least.

Upon receipt of Robertson's communications forwarding details of the blockade scheme, Austin, the Colonial Secretary, was immediately instructed by the Governor to condemn not only the actions of the Canton government but also those of Robertson. Austin complained that the additional levy of 16 taels per chest on opium in fact amounted to a 65% increase to the Tariff duty, and that the placing of a cordon of revenue cruisers around Hong Kong would definitely affect the trade of more than 20,000 junks each year. The legality of the blockade was also questioned. 'The

scheme...apparently strains beyond their legal limit the provisions of existing treaties, and which even, if in accordance with those treaties, is in its conception and object contrary to any Customs' usages of civilized nations, which contravenes the spirit of the Treaty of Tientsin, and which are hostile and unfriendly to the interests of this Colony.'⁹⁰ Moreover, 'a new and additional tax of 16 taels is now declared leviabale on that article, and is to be imposed in a manner more offensive, galling and injurious to the general commerce of the Colony than probably has ever been attempted by one friendly power towards another.'⁹¹ Robertson was also condemned in no uncertain terms for allowing the blockade scheme to be kept a secret from the Colonial government until the very last minute: 'As you must be well aware of the venality and extortion so general amongst certain classes of Chinese officials, and the great probability that the erection of the proposed numerous Customs Stations will lead to vexations and harassing proceedings against all native vessels clearing from this Port, the Governor can scarcely suppose you were not aware of the serious importance to the interests of this Colony involved in the proposed measure, the maturing of the scheme must have occupied several months and His Excellency wishes to be informed of the reasons which induced you to keep from the Governor of this Colony all knowledge of a measure calculated to affect so seriously the commercial interests of this place.'⁹²

Apart from voicing objections against Robertson, MacDonnell also addressed a long communiqué to the Colonial Office stating not only the grievances already mentioned, but also the possible injurious effects to the Colony, and an emphatic denial of the existence of smuggling. Referring to the incidents of the 'Hai Ching' and the levy of salt dues⁹³ a few months earlier, he said that the fears he had expressed then were now true and this was made possible by the connivance with the Chinese authorities of both

Robertson and Alcock. When Britain had the opportunity to dictate terms to China, she should have asked for an extension of territory, say twenty miles, or failing that, a guarantee of non-molestation for at least twenty miles from Hong Kong. If that had been the case, the blockade could not have been imposed. Now that China had imposed her 'legal right' of searching Chinese vessels, 'the door is at once opened to endless dimensions' and would seriously affect the welfare of the 23,000 trading junks with a cargo of over 2½ million tons that frequent Hong Kong⁹⁴.

Referring to the right of search, in a subsequent despatch to the Colonial Office, MacDonnell stated that no distinction was made between Chinese and foreign vessels, or for vessels going to Treaty ports or other destinations. Referring to the Treaty of Tientsin, he contended that British merchants could import opium to Treaty ports and was 'also entitled to hire whatever boats they please for the transport of goods and passengers, and it would seem, therefore, that a British subject would be entitled to hire a junk here [Hong Kong] and transport opium hence to Canton or Swatow and sell it there on payment of the Treaty duty.' Furthermore, the fact that some of the tax stations were very near Hong Kong, in Kowloon, which was within a mile of British territory, and at Lyeemoon Pass which was within a few hundred yards of British waters, made the actions of the Chinese government an 'illegal stretch of authority', which had never been exercised by a civilized government and contravened international law as much as infringing on international usage and courtesy. 'Already there is a most unprecedented stagnation of trade caused by the panic amongst the Chinese and to what extent it may proceed is beyond the power of anyone to foretell.'⁹⁵

This was followed by a third despatch in which he stated that Alcock's reference to Hong Kong and Macao as smuggling depôts and that China was losing 1 million taels

in revenue each year was very much exaggerated. Quoting figures and opium imports and exports, he arrived at the conclusion that China suffered at most only 200,000 taels or less⁹⁶.

In another communiqué, MacDonnell insisted that smuggling, compared with legitimate trade, was in a proportion of 50 to 1, and accused Alcock of ignoring the 50 and dwelling on the 1. He further complained that, 'thoroughness of search exercised by the cruisers had resulted in not merely the stagnation but at this moment almost the extinction of the legitimate trade in English and other manufactures conducted in native vessels between this Colony and Chinese Ports on the Mainland.' Because of this, the blockade had placed Hong Kong in a position much worse than any of the Treaty ports. Moreover, less than six months after the start of the blockade, he had already noticed three serious consequences: 1) Chinese vessels were declining to take cargo from Hong Kong to the mainland of China; 2) a great number of honest and well-known legitimate traders were staying in the harbour afraid to leave it; and 3) of the 12 large passage boats that plied between Hong Kong and three native towns, 11 had ceased to run⁹⁷.

To round off his complaints perhaps, MacDonnell went even further and said that with the blockade the Colony had been placed at a tremendous disadvantage and there would be more trade for Canton. He contended that the purpose behind the Governor-General's action was to limit the importance of Hong Kong as a port and to enhance the trading opportunities of Canton. Thus, according to his interpretation, the blockade amounted to nothing more than the encouragement and sanctioning of a system of outrageous squeezing and extortion committed by 'piratical cruisers'⁹⁸.

MacDonnell's complaints represented the official reaction from Hong Kong. However, it would be an understatement to say that in making these representations, he

was very much influenced by the Hong Kong mercantile community and on their side. He also transmitted to the Colonial Office memorials from them. Two of them throw sufficient light on the degree of their objection.

On 17 July 1868, a petition was addressed to MacDonnell by 'Barristers, Bankers, Physicians, Solicitors, Merchants, Shipowners, Traders, Shipwrights, Innkeepers and others interested in the prosperity of Hong Kong.' The petitioners complained that the blockade was 'a direct and highhanded attack upon the commerce of the Island, and which if suffered to continue will most prejudicially affect the well-being of the Colony.'⁹⁹ This petition appeared in the 'Overland China Mail' on 24 July 1868, and a few days later on 29 July, it was followed by a public reply from the Colonial Secretary, which stated, 'I have now to inform you that His Excellency lost no time in forwarding that memorial by the Mail of the 24th instant, to His Grace the Secretary of State for the Colonies.'¹⁰⁰ The intention of the Hong Kong government to support representations of the mercantile community, and making its objections known in the press, thereby increasing the gravity of the matter, clearly reflect its attempt to put some pressure on the Home government to remedy the situation.

To supplement the merchants' representation, on 8 January 1869, a memorandum was drawn up by Keswick, Gibb and Taylor, who were influential merchants, community leaders and unofficial members of the Legislative Council. It was also forwarded to the Colonial Office. These gentlemen said that if the blockade were to persevere, 'it would end in Hong Kong ceasing to maintain the importance on the coast of China to which its natural advantages have raised it...Hong Kong has become the Headquarters of the great Steam lines....has acquired an immense trade, and by the blind or ignorant it would seem that this trade is ascribed to the Colony being the seat of a huge smuggling organization. Because commerce had entered here

and trade does not pass through Canton, a city some ninety miles distant and inconveniently situated up a river, it is concluded that no duties are collected from goods carried from this island by the native craft that convey them to the many small ports along the Coast. It is true these goods do not pay duty at Canton but it is equally true that they pay at their Port of entrance into the Chinese Empire. The trade of this Colony is not supported by smuggling and the collection of duties on the commerce of the Colony, now attempted by the Canton Authorities, can only be characterized as an interference with the independence and rights and privileges of the Colony.¹⁰¹

With the adoption of such means to publicize the extremely harmful effects the blockade would have on the trade and future of Hong Kong, it was no longer considered as a local affair. It attracted the attention and concern of the Home government, and it was hoped that through its intervention, the 'alleviation of grievances' would be realized. Indeed, the issue became part of the negotiations for treaty revision between 1868 and 1869¹⁰².

A summary of the arguments used points to three very basic reasons: 1) Although for the moment the blockade only affected the junk trade in opium which was entirely in the hands of Chinese merchants, yet it was feared that other merchandise, hitherto illegally transported into China in the same way as opium, would likewise come under the scrutiny of Chinese customs officials at a later date. The inability to smuggle or to evade the payment of duties would greatly reduce the incentive of Chinese merchants to purchase foreign goods - including opium - from Hong Kong. The volume of sale and transshipment of foreign merchandise would decrease. Likewise, the junk trade in Chinese produces, also transported illegally to Hong Kong, would also cease; 2) Hong Kong had been able to thrive commercially because it acted as both entrepôt and free-port. These were partially

dependent on the geographical position of the island in relation to the Chinese mainland which afforded ample opportunities for clandestine trade. With the blockade, smuggling activities would be reduced to the minimum; consequently the peculiar and advantageous position of the Colony that had benefitted it would disappear. The continued prosperity and expansion of Hong Kong's commercial activities would be greatly curtailed; 3) Chinese officialdom was noted for its corruption, and the blockade, manned entirely by Chinese officials and collecting all kinds of local dues, would result in abuse of authority and forced exactions. These factors would threaten the free trade nature of the Colony and provide serious impediments to its trade and commercial potential.

Some of these reasons were not expressed as arguments against the blockade because they would implicate the Colony as directly involved in the clandestine trade to which the merchants and MacDonnell had vehemently denied. Possibly because of this, the arguments actually used sometimes lacked cohesion and were more of emotional outbursts. In subsequent years, however, arguments became more extensive and exhaustive; they were more logical. The pros and cons were weighed carefully and reasons given were much more substantial.

Reactions of the British government to the blockade

The reactions to the blockade from the various departments of the British government during the initial year can be conveniently divided into two parts: those dealing with the approval of Alcock's and Robertson's actions; and those, at a later date, dealing with the consideration of other measures after complaints had been received from Hong Kong.

When Alcock received information concerning the blockade from Robertson, he wrote to the Foreign Office explaining the reasons why he had not interfered with the scheme¹⁰³. The Foreign Office, after careful study of the arguments

from Alcock, concurred in his decision¹⁰⁴. In the meantime, copies of correspondence were sent to the Board of Trade for its opinion¹⁰⁵. However, before the reply was received, the Colonial Office had forwarded three despatches from MacDonnell voicing his objections, and wanted the Foreign Office to give comments, especially on the question of whether the Governor-General's proclamation was an infringement of the Treaty of Tientsin¹⁰⁶. Since this was a legal question, copies were forwarded to the Queen's Advocate for their opinions¹⁰⁷.

Before the legal advice came, the Board of Trade had replied that it concurred with Alcock's opinion, even after studying MacDonnell's objections. To these the Board believed that, 'these restrictions are solely for the protection of the Revenue and the suppression of a Contraband Trade, and they therefore see no sufficient grounds for urging the Chinese Government to rescind a Proclamation which they have a right by Treaty to issue.'¹⁰⁸

Legal advice from the Queen's Advocate drew the same conclusions. The 'treaty question' raised by MacDonnell was founded on a misapprehension on his part as to the intentions of the Chinese government. Since the Governor-General's proclamation was to prevent the evasion of the opium likin payable by Chinese traders, and which was a different tax to the import duty, the objections raised were 'clearly inadmissible'. Furthermore, the Law Officers of the Crown, who were also consulted, also expressed the same views¹⁰⁹.

These could be considered as the initial reaction of the Home government to the blockade. It was one of acceptance. It should be noted, however, that the Colonial Office as yet refused to give an opinion.

Governor MacDonnell continued with his complaints and forwarded memorials from the mercantile community. He also referred to the levy of duties 'in transit' at Hong Kong, unlawful seizures of Hong Kong licensed junks etc.¹¹⁰.

To these complaints, the Colonial Office replied that according to the opinions of the Law Officers, the Treaty of Tientsin was only applicable to British merchandise imported in British vessels into the Treaty ports, and had no application to goods imported in Chinese vessels. And since no British vessel had been seized by revenue cruisers, the question had become one of language and should not be pursued further. Moreover, what actions the British government could take could only be through friendly remonstrances and even these could not be pressed too far, since MacDonnell had admitted that smugglers from Hong Kong were heavily armed and left in fleets to fight against the revenue cruisers¹¹¹.

In the meantime, Robertson had suggested a partial remedy. He argued that Hong Kong should be regarded as a Treaty port in the matter of transshipment of goods, and this would solve the problem over the levying of duties on goods 'in transit' in Hong Kong¹¹². This proposal was not well-received, especially by the Board of Trade, which said that, 'Her Majesty's Government can hardly hope to combine the advantages of retaining Hong Kong as a British possession, and of obtaining for it the privileges of a Chinese Port.' Moreover, apart from actually establishing a Chinese customs house in Hong Kong, supervision over the payment of dues would be impossible, and to this recourse, Hong Kong would definitely object. The proposal was not acted on¹¹³.

Eventually, slightly over a year after the initiation of the blockade, the Foreign Office, the Colonial Office, and the Board of Trade, representing the interested departments of the Home government, finally agreed on a plan. Alcock was instructed, 'to make friendly representation to the Chinese Government in the matter and ascertain whether it would be possible to establish such practical regulations in Hong Kong and China, or to make such new Treaty stipulations as that to place the intercourse

between Hong Kong and the neighbouring Coasts on a more definite and regular footing, so as to protect the Chinese Revenue without unreasonably obstructing the ordinary and daily traffic between Hong Kong and the Mainland and in doing so to remove occasions of controversy between the different British authorities.'¹¹⁴ The last part was made in special reference to the heated written accusations from MacDonnell concerning both Robertson's and Alcock's actions, for which he had already been severely rebuked by his superior, the Colonial Office¹¹⁵.

The Colonial Office, likewise, sent a similar despatch to MacDonnell, which said that it would consider very carefully 'any specific recommendations made by you or by the Merchants of Hong Kong with the view of at once protecting that commerce which is legitimate and discouraging that which is contraband.'¹¹⁶

From the above, it is clear that the Home government was agreed in its attitude to the blockade. Though the government realized the difficulties Hong Kong had to face, it was unable to alleviate the situation. Its attitude was, like the actions taken by the Chinese side, based on strict observance of Treaty stipulations and international law. However, by asking Alcock to attempt to make new treaty stipulations, the British government involved the blockade question in the negotiations between Britain and China over treaty revision terms. The matter rested there. It was therefore clearly the intention of the British government not to interfere with the blockade, but to seek diplomatic solutions in order to lessen the grievances of Hong Kong, some of which were genuine. It was to this end that the British government pursued its policy throughout the period under study, until a solution was finally agreed upon between 1885 and 1887.

CHAPTER 3: THE ALCOCK CONVENTION

Article XXVII of the Treaty of Tientsin provided for a revision of the Tariff and commercial articles after ten years to be negotiated between Britain and China (in the case of France, Russia and the United States, twelve years). Unlike relations between China and the Treaty powers after the first Anglo-Chinese war, the years after the Peking Convention of 1860 were years of friendly co-operation. China's relations with Britain, whether diplomatic or commercial, had improved tremendously. On the Chinese side, this was partly because of the establishment of the Tsungli-yamen under co-operative-minded officials such as Prince Kung and Kuei-liang, the Superintendents of Trade for the Northern and Southern Ports, and the Foreign Inspectorate. On Britain's part, she was satisfied by the terms of the treaties of 1858-60, and now pursued a policy of 'co-operation' and 'conciliation' and renouncing the use of force, which was effectively executed by the Ministers at Peking, first Bruce and then Alcock¹.

However, despite the friendliness at government levels, the British merchants were continuously making complaints and pressing for more freedom from restrictions imposed by the Chinese government. The broader issues concerned were the interpretation of Treaty stipulations, the imposition of likin and transit dues, and later, the customs blockade of Hong Kong. It was deemed necessary by both governments that some adjustments and modifications should be made to the existing treaties. It was in a spirit of cordiality and the willingness to negotiate that both governments prepared for treaty revision.

It is necessary to give this brief background to the purposes behind treaty revision in order to understand not only the outcome, but the subsequent rejection by the British government of the Alcock Convention. Moreover, since this dissertation is concerned solely with the Opium Question, we will only discuss issues connected with it².

Preparations for Treaty Revision

In June 1867, in anticipation of British demands for treaty revision, especially when Alcock had just left for a tour of the Treaty ports, Prince Kung sent a memorial asking for an Imperial edict calling on all persons responsible for foreign affairs to express their views on treaty revision³. He stressed that the Treaty of Tientsin had been concluded hurriedly and there had been no time for discussion. However, in the past years, the western countries had made attempts to obtain more concessions and China must be prepared during the forthcoming negotiations. A list of possible demands from Britain was compiled⁴ and the Tsungli-yamen had already undertaken to draw up a detailed report on them. An Imperial edict was issued requiring memorials to be submitted by November 1867⁵.

Memorials from leading officials, differing slightly in detail and emphasis but not in substance, all advocated that China should not grant any more concessions to the western powers. Since the Tsungli-yamen's directive had not asked for opinions on problems concerning opium, very few officials ventured into this question, as it was common practice among Chinese officialdom that unasked for information was seldom volunteered. However, among the seventeen who replied (including some minor officials), three touched on the question of opium and the smuggling from Hong Kong.

Shen Pao-chen, formerly Governor of Kiangsi and then Director of Shipping at the Foochow Shipyard, reporting the opinion of Huang Wei-hsuen, a sub-prefect, stated that the latter in conversations with missionaries had asked why western people should import opium which is a scourge to China. The missionaries replied that if the Chinese did not smoke it, there would be none imported. So Huang believed that if both the Chinese and British governments increased duty on opium, prices of the drug would greatly increase and this would definitely limit the number of smokers⁶.

Ch'ung-hou, Superintendent of Trade for the Northern Ports and Vice-President of the Board of War, pointed out that because the method and rules for taxation differed from place to place, and because after payment of transit duty, no additional levies could be imposed on general merchandise, tax and likin stations in the interior of China had suffered greatly. The only commodity they could impose a tax upon was opium, which in likin alone yielded several tens of thousand taels every year. In view of these factors, there should never be a joint collection of Tariff duty and likin on opium. Moreover, Rule V of the trade agreement must still be insisted upon; and there should not be too great an increase in the Tariff duty on opium⁷.

The Superintendent of Customs at Canton, the Hoppo, stressed two points - firstly, referring to the 'Prince Albert' affair⁸, he asked that all foreign vessels chartered by Chinese that might call at un-opened ports must apply to his office for licences, without which, the vessels would be confiscated (this was to prevent smuggling activities by these vessels); and secondly, he stated that because transport of goods, especially opium, from Hong Kong to the West Coast (the prefectures of Kao, Sien, Hu and K'uong) did not go through customs because there was none, leading to great losses in revenue, it was hoped that 'the British Minister [would] call upon the Governor of Hong Kong to issue instructions to the Consul of that place directing him to take stringent measures for preventing the smuggling of opium and of foreign merchandize.'⁹

Having considered the opinions expressed by leading officials, the Tsungli-hamen compiled twenty-seven points for discussion with Alcock. Among them, the ones related to our study were as follows:

- 1) that the Tariff duty on opium should be increased to 60 taels per picul and that Rule Five should be continued to apply to the drug;
- 2) that because of the ease by which merchants could smuggle

goods into Kwangtung, which greatly affects China's revenue, a Chinese revenue officer would be stationed in Hong Kong to supervise and collect dues and taxes with regulations to be subsequently devised;

3. that Hong Kong would be given special treatment regarding native goods in transit: goods imported from Hong Kong which are certified native goods would have to pay the full Tariff duty and likin; and if native goods are to be shipped to Hong Kong, an export duty certificate will be issued, so that if they are re-imported, only half of the Tariff duty would be levied¹⁰.

With these proposals in mind, and with sufficient facts and arguments at hand, Tsungli-yamen officials entered into treaty revision negotiations with the British minister and his subordinates.

Alcock began his preparations for treaty revision earlier than the Chinese. In the spring of 1867, he sent a circular to all his consuls at the Treaty ports asking them to seek from the merchants their views concerning modifications to the commercial articles of the Treaty of Tientsin¹¹. He then personally went on a tour of the Treaty ports, where he held meetings with mercantile bodies and listened to their views. At the same time, in London, the Foreign Office, after consultations with the Board of Trade, also sent out circular letters to the chambers of commerce in Britain asking for their opinions on treaty revision¹².

What the mercantile bodies in China wanted could best be summarized in Alcock's despatch to Lord Stanley: 'All complain of illegal taxes on trade; of monopolies and restrictions; of difficulties of transport and transit in the interior; and of deficient means of action against Chinese debtors or defaulters. All suggest the removal of the grievances and impediments to trade; and demand a right of residence in the interior as the necessary corollary of a right to travel for purposes of business and finally the

introduction of steam carriage both on land and water, with telegraphic lines for rapid communication.' Yet, despite the similarity of their demands, each Treaty port tried to represent its views in as different a light as possible, hoping thereby that more concessions could be obtained from China, and that the British government might adopt a new China policy - a return to coercion. Alcock believed that this was 'the systematic violation of the spirit of the Treaty of Tientsin [and is] utterly condemnatory of their policy and action in the past.' He further noted that the Treaty of Tientsin only allowed for revision of the Tariff and regulations of trade and nothing else¹³.

These remarks are worthy of note because they formed the basis of Alcock's approach towards treaty revision. In an earlier despatch to Lord Stanley, Alcock had spelt out his aims in the revision: apart from asking for better commercial relations such as relief from inland and local taxes, mining rights, easier accessibility into the interior and legislations against Chinese debtors and defaulters, Alcock believed that 'as regards the future I believe there are many things to be gained, if worked for singly and pursued quietly without too much pressure for a speedy solution. This will not satisfy the merchants; but I am well assured such a course will best secure the permanent interests of trade and the maintenance of friendly relations between the two countries.'¹⁴

At about the same time, the Foreign Office had made a clear statement of the policy that should be pursued in China, thereby giving Alcock the support he needed. In a despatch to Thomas Wade, who was running the affairs of the Peking legation while Alcock was away visiting the Treaty ports, Lord Stanley said, 'I am glad to see that you are prepared to take into account the interests, the feelings and to a certain extent the prejudices of the Chinese Government and people. The true policy to be advocated is that which by mutual forbearance shall combine the suffrages of

both parties in some common system which, though it may not be the best in the abstract, yet may have in its favour that it does not, without some palpable corresponding advantages to Chinese interests, clash with their existing habits and fixed opinions but enlists the goodwill of the majority in its favour. Her Majesty's Government neither wish nor have they the right to impose sacrifices on China even though they may be convinced that the inconvenience of such sacrifices will be only temporary, whereas the benefit which will result from them will be lasting...¹⁵ The spirit of revision, on the part of the British government, was one in keeping with the policy of the sixties - that of conciliation and co-operation.

Since the question of opium according to Rule V was to be treated separately from the general revision of trade conditions in the forthcoming negotiations, only two complaints on this issue came from the various reports made by consuls and merchants. One was from Chinkiang complaining that the imposition of the likin was injurious to British residents at the port because it was used as 'the means of pressing unfairly on our British business, to the benefit of certain of the native traders.'¹⁶ The Amoy mercantile community also complained about likin and added that since a lot of foreign imports, including opium, were imported in native junks, these should pay the same duties as they do in foreign bottoms, otherwise it would be very prejudicial to the foreign traders at the Treaty ports¹⁷.

From Hong Kong, Jardine, Matheson and Co., on 28 November 1867, presented a memorial to Governor MacDonnell which was transmitted to the Colonial Office almost immediately. In it we see a clear exposition of the viewpoint held by the opium merchants. Jardines insisted that opium, demonstrated clearly in the eight years after 1860, was 'not a curse, but a comfort and a benefit, to the hardworking Chinese.' In view of this opinion which contrasts with previous views that the drug was harmful, articles IX and XXVIII of the

Treaty of Tientsin should be applicable to opium, that is, 'those who deal in Opium shall be permitted to supply the Inland Chinese marts with the drug as freely as they are the dwellers at the ports.' Rule V should therefore be rescinded because 'there exist no just or sensible grounds for its retention, and it must simply be regarded as a barrier to that increased tradal intercourse between India and this Empire which would prove so highly beneficial to both countries.'¹⁸

There were no specific references to the blockade of Hong Kong. This was because the issue only came after mercantile opinions had been sought and when treaty revision negotiations were already underway. It was considered by Alcock that arrangements must be made as a response to the Tsungli-yamen's request for a customs official to be stationed in Hong Kong, and the blockade issue was included in the negotiations.

Treaty Revision Negotiations

Preliminary negotiations in the form of meetings and written communications between the British Legation and the Tsungli-yamen, with Hart as the go-between, began on 3 March 1868 and lasted until 23 October 1869 when the Convention, formally known as the 'Supplementary Convention to the Treaty of Commerce and Navigation of 26 June 1858 between Great Britain and China' was signed¹⁹. The negotiations were protracted since many issues had to be resolved and agreed upon. The Tsungli-yamen was unwilling to compromise over proposals during the initial stages when the Burlingame Mission's activities in Washington had resulted in a treaty of friendship with the United States which prompted Prince Kung to take a much more determined stand against China's granting of 'new privileges or great facilities' to trade. The outbreak of 'violence at Yangchow, Chinkiang and Taiwan also diverted the attention of the Imperial government away from the negotiations'²⁰.

Of the two issues that concern us, the taxation of opium

and the blockade of Hong Kong, negotiations between the two parties went as follows.

As regards opium, the first concrete proposal came from the Tsungli-yamen. It wanted the Tariff duty doubled, i.e. from 30 to 60 taels per picul (and also that for tea and silk), in return for which all other imports and exports would be standardized to a uniform Tariff of 5% ad valorem. This proposal, in fact, was a response to Alcock's suggestion that there should be a reduction of Tariff rates on ten or more items. The line of argument used by the Tsungli-yamen was that if 'a policy of conciliation, mutual good will, and mutual benefit, and is indisposed to do anything that would open old sores or develop new ones' is pursued, Alcock should move his government to accept China's proposals²¹.

To this Alcock replied that it could be true that opium, being an 'article of luxury' would be able to bear the increase although this might check its increased import to a certain extent. However, it would be more than probable that such an increase would meet great opposition from the opium merchants, and there might also be difficulties in obtaining the necessary consent from other Treaty powers. Smuggling of the drug into China would definitely increase and this would be another difficulty that had to be considered. Nevertheless, he was agreeable in principle to the increase but would like the Tsungli-yamen to modify its proposal²².

As regards the blockade issue, Prince Kung suggested that Chinese officers from the customs might be allowed to reside at Hong Kong. In a memorandum on this subject submitted to Alcock, he said that 'In consequence of the numerous channels into which the route from Hong Kong to Canton divides itself, there is great opportunity for smuggling; and vessels are constantly evading the payment of duties by taking a circuitous course so as to avoid the Barrier. As great loss results to the Revenue from this cause, it is proposed that the Chinese Government should appoint officials to reside at Hong Kong for the express

purpose of attending to the collection of duties in the interest of the Customs revenue. Rules for regulating the collection of duties by such officials can be subsequently agreed upon.²³

To this suggestion, Alcock replied that he could not accede to a Chinese official collecting China's duties on British territory. However, he agreed that there was a great deal of smuggling and that 'it would seem reasonable that the Emperor of China should have the same right to appoint a consul to reside in Hong Kong as all other Treaty Powers have, and to enjoy the same rights and exercise the same authority in matters connected with the trade of Chinese subjects as any other nation in treaty with Great Britain may claim in British Colonies.' He cautioned that since this right had never been either claimed by China or conceded by Britain, it would be proper to include this in the agreement that would soon be signed²⁴.

Proposals and counter-proposals, and the reasons for them given by both parties, were all transmitted to the Foreign Office where the Home government deliberated. The first reaction came from the Board of Trade. Its advice was that formal revision could well be deferred until the majority of the Chinese Emperor, T'ung-chih, in 1872 or 1873 since by then the Chinese government might be more disposed to extend foreign trade and relations than at present, and bring all the powers to simultaneous action. In the meantime, Alcock should be instructed to accept the arrangements he had already made with the Tsungli-yamen. In regard to opium, the Board believed that the Home government should recognize the insecure nature of the trade, especially with the increased growth of opium in China itself. It recommended that 'so long as the conditions of that trade rest on a foundation so limited and insecure, and they are convinced that the only safe course for Her Majesty's Government to pursue in China, is to confine their efforts to the consolidation of the position already obtained by

patient, moderate and gradual negotiation, and by bringing to bear as much as possible, the moral influences derived from the principles of international equity which regulate and control the intercourse of civilized nations, and from the concerted action and co-operation of all the Treaty Powers.'²⁵ To this, the Foreign Office fully concurred.

With regard to the proposal of a Chinese consul at Hong Kong, the Foreign Office agreed with Alcock's stand²⁶, and the Colonial Office, which had not yet obtained an opinion from Hong Kong, also concurred²⁷. The matter, however, did not rest there.

When Alcock's suggestion was conveyed to Hong Kong, Governor MacDonnell immediately raised objections. He complained that it would be very convenient to China to 'save all expense attending the maintenance of a large Revenue protective service by levying its Customs duties on goods before they had even left the place of export.' He complained that having the 'French Customs Officers established at London Bridge and levying duties on goods before they were clear of the Thames would represent exactly the sort of establishment which Prince Kung wishes to form here [Hong Kong].'²⁸ At a meeting of the Executive Council, there was an unanimous vote against such an idea, as in the Legislative Council. The following reasons were given: 1) no application had been made by the Chinese government on this subject and it was obvious Prince Kung had been forced to make the proposal (implying that Alcock was deliberately working against the interests of Hong Kong); 2) China was not on the same standing as other Treaty powers, and she could neither demand nor expect a concession from Britain; 3) there was no objection to the concession if it were not certain to be attended with serious injury to native and foreign interests in the Colony, since a Chinese consul would alarm the native population, who felt safe and secure under the Colonial administration because they were out of reach of espionage and squeeze by

the Canton authorities²⁹.

When the Colonial Offices received this objection, it was immediately sent to the Foreign Office³⁰, but it also wrote to MacDonnell expressing the view that 'it would be very difficult for Her Majesty's Government to refuse to accede to any such application if made.'³¹ Upon receipt of the protest from the Hong Kong government, the Foreign Office also began to show more reservations. In a despatch to Alcock, it was pointed out that the existence of a Chinese consul in Hong Kong might lead to difficulties and Alcock should point this out if the subject came up for discussion again³². These doubts were absent from previous communications. However, the substance of the despatch still allowed Alcock freedom of decision.

With support by the Home government for Alcock's proposals wavering somewhat, new developments were taking place in China. In July 1869, the Tsungli-yamen submitted a long memorandum to Alcock stating that the opium trade was prejudicial to the general interests of commerce, and created hostility between the two nations, since most officials and people believed that by importing opium into China, Britain was 'wilfully working out China's ruin and has no real friendly feeling for her.' The hope was expressed that the British government would persuade India and other countries (Persia and Turkey) to replace the cultivation of opium with that of cotton or cereals. 'Were both nations to rigorously prohibit the growth of the poppy, both the traffic in and the consumption of opium might alike be put an end to.'³³ This despatch was most eloquently worded and in fact formed the basis of future demands for the stoppage of the opium traffic³⁴.

Then on 23 August 1869, Alcock sent a telegram to the Foreign Office (unfortunately it was not received until 20 September), saying that he no longer could defer signing the agreement because the Tsungli-yamen was getting impatient and was preparing to withdraw the concessions it had already

given. He wanted advice before signing it in October³⁵.

Upon receiving this information, the Board of Trade asked that no formal convention should be concluded at the moment, but that the negotiations should be protracted 'until a better understanding can be arrived at, and some clear advantage gained.'³⁶ The Colonial Office also, referring to the question of a Chinese consul at Hong Kong, wanted Alcock to abide by the instructions given by the Foreign Office³⁷. In a telegram sent to Alcock on 29 September 1869, followed by another one on 7 October, he was advised to protract the negotiations and not to consent, in any case, to a treaty of more than five years' duration since this would compromise the government's position, not only in future negotiations, but also in similar negotiations between China and the other Treaty powers. However, 'should you have completed any arrangement, you may be assured that the best view will be taken of it here.'³⁸ Unfortunately, the first telegram arrived at Tientsin on 2 November, the day that Alcock had left for a tour of the Treaty ports and India on his way back to Britain to explain the agreement which had been signed on 23 October.

If both sides had received the crucial telegrams in time, the Convention, in all probability, would not have been signed. Moreover, though we know that the agreement was doomed from the very beginning because of the objections raised, Alcock was very much in the dark and he proceeded to explain his agreement to the mercantile communities and governments concerned.

The Alcock Convention

Of direct relevance to this dissertation, articles II, V and XII of the Alcock Convention are as follows:

Article II. Appointment of Consuls.

China having agreed that England may appoint Consuls to reside at every port open to trade, it is further agreed that China may appoint Consuls to reside at all ports in the British dominions. The Consuls so appointed shall

respectively be entitled to the treatment accorded to the most favoured nation.

Article V. Chinese Produce shipped from Hong Kong to a Treaty Port.

It is agreed that Chinese produce shipped from Hong Kong to a Treaty port shall not be carried inland under the transit rule, but shall pay dues, duties, and inland charges like all other native produce at all barriers passed.

On the other part, China agrees to issue to native produce shipped by British merchants from Treaty ports to Hong Kong the ordinary export duty proofs, and to collect on such produce, on arrival at a second Treaty port, the ordinary coast trade (half import) duty.

Article XII. Opium.

It is agreed that opium shall pay import duty at an increased rate. On the other part, China agrees...'(followed by six concessions such as the right of trading at Kiukiang, opening of coal mines etc.)

In the appended Tariff, opium pays 50 taels per 100 catties, 'And to be dealt with in accordance with the special rules respecting that drug.'³⁹

Explanations that Alcock gave to the mercantile bodies at the Treaty ports and Hong Kong, and to the Hong Kong, Indian and Home governments were summarized in his confidential despatch to Lord Clarendon of 28 October 1869⁴⁰. As regards opium, he argued that the increase of Tariff duty amounted to only 2½% of the price of the drug and could in no way either diminish the profits of the opium merchants or adversely affect the sale of the drug in China. Moreover, 'in the interest of India and our Indian revenue, anything calculated to give the Chinese Government an interest in the importation of the foreign article is by so much an advantage to the trade, as supplying a motive for checking the growth of the native produce, which has recently extended so greatly as to threaten the whole Indian trade...'

As regards the acquiescence to the Chinese consul at

Hong Kong, Alcock argued that this could not be refused with 'any show of reason or justice.' The inconveniences that Hong Kong expected were 'more or less chimerical' and some measures must be taken to prevent the clandestine trade from the Colony since it was truly a smuggling depôt, causing China to lose a tremendous amount of customs revenue. Referring to the measures the Canton authorities had resorted to - the customs blockade - he remarked that 'it is much better, I conceive, that we should aid them, by legal and peaceable means, to control the smuggling proclivities of their own subjects sailing and trading from our Colony where there is a free port, than compel them to plant taxing stations, farmed out to unscrupulous guilds or companies, and arm European-built ships of war to run 'amuck' on all native vessels leaving the harbour of Hong Kong.' He concluded by saying that these could not be regarded as concessions to China but were merely the recognition of international rights based on the principle of reciprocity.

Objections to the Convention

Despite Alcock's detailed and painstaking explanations to all concerned, there was still strong objection to his agreement, mainly from the mercantile communities in Asia and Britain. Most of the objections were on issues unconnected with the present dissertation⁴¹, yet on the two issues which do concern us, objections were just as vehement. In reviewing the grounds of these objections, we can distinguish between those expressed by the British government and the various departments, and those aired by mercantile bodies in China, Hong Kong, India or Britain.

The position the Foreign Office took was quite simple and straight-forward. Since it was a revision of commercial and Tariff regulations, and had nothing basically to do with diplomacy or politics, the Foreign Office expressed no opinion until it heard expressions from the others who were intimately connected with the revision agreement.

The Colonial Office was only concerned with the question

of the Chinese consul issue and in stipulations with particular reference to Hong Kong, i.e. Article V concerning goods in transit. The Colonial Office waited for the opinion from MacDonnell; but in the Minute Paper, Sir J. Rogers, undersecretary at the office, remarked that 'as far as I am able to judge in going over the papers, it appeared to me that the interests of Hong Kong had been well cared for.'⁴² The question of the Chinese consul was not touched on since it was not within the jurisdiction of the department, but that of the Foreign Office.

The Board of Trade's view was that the agreement, despite some drawbacks was, 'not only equitable, but advantageous to our real interests in China,' especially with regard to Article V. The question of the increase in the Tariff on opium and that of the establishment of a Chinese consul at Hong Kong were not commented on because they were not the responsibilities of the Board⁴³.

The India Office and the Indian government, though consulted throughout the negotiations, did not express any opinion until 31 January 1870 when the India Office said that, 'though the Secretary of State for India is somewhat apprehensive that this measure may cause a present loss to Indian revenue, yet his Grace is of opinion that the Government of India can scarcely complain of an increase of 2½% in the import duty on opium; especially when, as Alcock remarks, the direct gain to the Imperial Exchequer of China produced by an import duty, will supply a motive to the Government for checking the cultivation of the indigenous plant.'⁴⁴

Reactions to the agreement from mercantile bodies were not as favourable. Memorials from chambers of commerce and private merchants poured into the Foreign Office. The Foreign Office also arranged meetings with the chambers of commerce to hear their views once again. They all objected to the uncertain nature of China's concessions and argued that, '...taking the Treaty as a whole it is plain that

the concessions it secures to the Chinese, or more correctly speaking, the burdens it imposes on trade, are of the most substantial character amounting in money alone to the sum of three million Taels; whereas the counter-balancing concessions to trade are, as far as can be judged, of comparatively little value.⁴⁵ This argument, voiced by the Shanghai Chamber of Commerce, was representative of the attitude taken by other mercantile bodies and chambers.

As regards the increase of opium Tariff duty in particular, the Shanghai Chamber argued that this measure would operate directly to encourage the growth of opium in China, while it would deprive the Indian government a substantial amount of revenue through the decrease of demand in Indian opium. Moreover, the increase in Tariff duty would not increase to any important extent China's revenue. The present Tariff duty on 30 taels represented a duty of 6.76% ad valorem and the proposed increase to 50 taels would make it 10% ad valorem, double the Tariff standard for all other merchandise. The Chamber continued that it would do all it could to oppose this increase⁴⁶.

Arguing in the same sense, but more vehemently, David Sassoon and Co., which controlled one-third of the opium trade, memorialized on behalf of the Indian merchants, as the London Merchants Committee had on behalf of merchants in Britain. Sassoon and Co. argued that the opium trade had been stationary if not in decline, and that such an increase in Tariff would definitely lead to further retrogression which in time would not only cripple the trade but also seriously affect the revenue of India. This would be injurious to the Indian cultivator and merchant too⁴⁷. Sassoon also enclosed a communication from a 'Shanghai Merchant', which apart from briefly narrating the history of opium taxation, in both China and India, said that the increase represented solely 'the success of the competition between India and China for the profitable cultivation of the poppy plant.' The increase in native opium cultivation

had been tremendous already and the increase of Tariff would add another stimulant. Also, if the policy of the British government was to suppress, or gradually discourage the opium trade for moral reasons or otherwise, even at the expense of encouraging cultivation in China, 'it would be an intelligent measure to increase the export duty for the benefit of the Indian Treasury; but surely it is more than unwise, it is unexemplified folly, to make a concession of import duty to China without...the gain of more than the shadow of an equivalent.' The trade not only yielded a revenue of \$4.8 million a year to the Indian government but also maintained the balance of payments and the lucrative freight or carrying trade in the East which gave supremacy to British merchants. Extinction of the trade would not only mean that \$11 million had to be obtained to pay for silk and tea, but would result in buying bullion from the United States, which might use such an opportunity to establish a direct United States-China trade link and directly affect British commercial interests in China in every field⁴⁸. The Hong Kong General Chamber of Commerce, in two memorials, also complained that the present duty on opium was already fully as high as it could support. With the increase in native opium, revenue of the Indian government would suffer tremendously. It was also pointed out that Hong Kong would be affected by the increase since opium for China flow entirely through the Colony in the first instance⁴⁹. Such arguments were indeed strong and persuasive.

The Hong Kong mercantile community, with added support from Hugh M. Matheson, chairman of the London Merchants Association, also voiced objection at the Chinese consul issue. In two memorials, one based on a public meeting and the other from the Hong Kong Chamber of Commerce, it was argued that since China was not within the pale of modern civilization, reciprocity, as implied in Article II of the Convention, was not at all applicable. 'China' the memorial stated, 'could not be considered as a country entitled to all the same

rights and privileges of civilized Nations, which are bound by international law; in which the life, the liberty and the property of all, foreigners as well as natives, are secure and respected; and where a recognized procedure and a regular legal system can be relied on by those who feel themselves aggrieved,' hence the insistence on extraterritoriality for westerners in China. Moreover, the 120,000 or more Chinese residents in Hong Kong, who were honest, energetic and loyal colonists subject to British laws, would hate to see a Chinese consul because they would, once again, be 'exhorted and squeezed', like their relatives living in China. The Chinese consul, with his underlings, would subject the trade of Hong Kong to a supervision resulting in the levying of dues for the Imperial exchequer in addition to those already being paid to the provincial officials. The wealthy Chinese population of the Colony would be 'amenable to the inquisitorial powers of the Mandarins.' This would definitely drive Chinese traders from Hong Kong, which they had so far regarded as their 'Emporium and Mart', to some other place where no harassment from Chinese officials would be present. Hong Kong, being in itself barren and unproductive, was totally dependent on it being the headquarters from which the large financial and commercial transactions of British and foreign merchants in China could best be carried on, because of its nature as a free-port. Such a fact had always been regarded with a 'jealous displeasure' by the Chinese government and they would love to see it destroyed through the establishment of a consul. Furthermore, Chinese residents required no consular protection 'because though amenable to British law, they can appeal to our Tribunals; with this additional safeguard that they have an important official in the Registrar General, to whom as Protector of the Chinese, they can always have recourse for advice and assistance.' The Chinese consul's main duty would then be to spy on the Chinese merchants and 'report to the Mandarins of the

adjourning Provinces, the amount that can be extorted from them by nefarious means which our experience shows us the provincial despots know but too well how to use.'⁵⁰

Governor MacDonnell put the final touch to these arguments by commenting on the memorials saying that, 'a Chinese Consul here, to relieve China of her duty to protect her revenue by an efficient establishment along her coasts, would encourage attempts before a vessel's departure to secure in Hong Kong either the actual duties leviable in China on goods in her manifest or an equivalent security in some other form....Therefore the abuses, which would spring from the system cannot at present be developed. There may be and there is already much objectionable espionage, and frequent squeezing and exactions levied from residents here by inquisitorial and even more stringent powers exerted over their relatives and property on the mainland.'⁵¹

Finally, in support of these arguments; Hugh Matheson, chairman of the London Merchants Association pointed out that though there was some contrband trade owing to the corruption of Chinese officials along the coast, it was 'not within our province to point out how such practices were to be checked.' The Chinese government could do whatever they liked in their own territory but could not impose a consul on Hong Kong⁵².

There was only little support for the Alcock Convention on record. One came from the Peking correspondent of the 'Times' who applauded the agreement, saying that the increase in duty on opium would not diminish the consumption, especially when the duty represented a small proportion of its price, but would give the Chinese government 'a very material and legitimate increase of revenue.'⁵³ Another came from the Asiatic Society which argued that since the Indian government was levying the equivalent of 200 taels on every chest of opium in India, and the opium merchants had not complained, they had little justification in complaining about the very minimal increase on the drug contemplated by the agreement.

Moreover, in Europe, opium would be regarded as the 'fittest subject for taxation.'⁵⁴ However, these were 'isolated' support and was not taken seriously into consideration by the Home government.

Alcock's explanations to mercantile communities naturally fell on deaf ears though he did his best to justify the motivations behind his agreement.

On his way back from China to Britain, Alcock also stopped off in India, and in a meeting on 4 February 1870 with the Indian government's executives he outlined his arguments. He contended that the Chinese government had come to a resolution that unless steps were taken by the British government to check the importation of opium from India, China would drive Indian opium out of the market, both by absolute prohibition of its import and by the encouragement of poppy cultivation and the manufacture of the indigenous drug. Alcock believed that the Chinese government was able to carry these measures into effect, and believed therefore that a compromise with it was the best solution - one which would prove favourable to the interests of the Indian government but would not force the Chinese government to have recourse to the extreme measures it avowedly was contemplating. he also gave accounts of the rapid growth of native opium to prove his point⁵⁵.

The Indian government, as reflected in a memorandum on the meeting by W.R. Mansfield, Commander-in-chief, doubted that the Chinese government possessed the power to effect reforms it had in mind, and advised that the Indian government's policy should be the same as before and not be swayed by the Chinese government's so-called resolutions to prohibit poppy cultivation. He argued that the Chinese government had adopted a policy hostile to British interests and the Indian government should look within itself to find ways and means to counter the Chinese resolutions⁵⁶.

Subsequently, in a conference presided over by the Viceroy of India on 19 March 1870, the following resolutions

were adopted: 1) that the Indian government was not in a position to protest against the increase of Tariff duty; 2) that it might be practical to increase the production of Indian opium; 3) that by the introduction of poppy cultivation in new districts such as the Bombay and Madras Presidencies, the Indian opium revenue would increase⁵⁷. The resolutions were communicated to the India Office in May, in which the Indian government commented that, 'we desire only to remark that the natural and probable consequences of increasing the import duty on opium imported into China would be unfavourable to the important revenue that British India derives from the export of that drug...we feel that a judgment on the probable operation of the Convention depends entirely on the policy which the Chinese Government really intend ultimately to adopt with regard to their home-growth of opium. If, on the one hand, the Ministers of the Imperial Government give up or delay the adoption of the policy they threaten, by reason of the concessions made by Sir Rutherford Alcock, then there is no doubt that a great advantage has been obtained; but if, on the other hand, the Chinese Government are either not in earnest in the policy which they shadowed out to Her Majesty's Minister, or are unable to carry it into operation, then the imposition of the additional duty must fall heavily on our trade without any countervailing advantages.'⁵⁸

From the above, it can be gathered that though the Indian government was rather displeased at the increase of the Tariff duty on opium, it did not voice its objection in strong terms, and allowed the final decision to rest with the Home government. We must note, however, that the Indian government was extremely distrustful, not only of the Chinese government's intentions, but also the ability of the diplomatic corps in China to fully understand the fine situation of the opium question in China. These views were reflected more fully after the Chefoo Convention was signed and more vehement objections were raised.

On the receipt of such violent objections, the Board of Trade advised the Foreign Office that ratifications should be postponed until Alcock had arrived back in Britain and explained his actions fully. To this the Foreign Office concurred⁵⁹.

When Alcock arrived in London, he had meetings with members of the Foreign Office and then on 3 May 1870, submitted his final memorandum in which he said that the Chinese government had the right as Britain 'to prefer claims for the withdrawal or limitation of privileges' and that by the very moderate increase of 3 to 5% on opium duty, China had abandoned her demand for total prohibition of its importation which would have affected the merchants much more. On the question of the Chinese consul, he agreed that some of the fears and allegations made by the Colonial government and the mercantile community were true; but he added that China had lost some £500,000 in revenue because of Hong Kong's position (its proximity to one of the great waterways of China - the Hsi River), and to choose between a consul and the harmful effects of China exercising her jurisdiction in her own waters immediately outside of the Colony as evidenced by the outcry when the blockade started, meant simply having to choose between the lesser of two evils⁶⁰.

However, despite these last-minute pleas from Alcock, the Board of Trade advised the Foreign Office that because of the general consensus of mercantile opinion the agreement should not be ratified. In view of the fact that most of the provisions were satisfactory, the British minister in China should be asked to carry out such provisions if the Chinese government was agreeable, since they would not require a new treaty to put them into effect. The Board of Trade also expressed regret that the idea of a Chinese consul in Hong Kong should be rejected since this would improve relations between the Colony and China⁶¹.

In accordance with these suggestions, the Foreign Office, in a general circular of 25 July 1870 to mercantile bodies,

formally rejected the Alcock Convention. However, its expression of regret that the mercantile communities had been unable to see the benefits of the agreement, showed that though the government had bowed to mercantile pressure, it still agreed with Alcock that the agreement was a step in the right direction - 'It was hoped that it might secure, at an inconsiderable sacrifice on the part of England, great immediate and still greater prospective, advantages.'⁶²

The American government, although not directly concerned with the opium trade and her treaty revision with China which was not yet due, received some very interesting comments from its chargé d'Affaires in China, Dr. S. Wells Williams. Williams acknowledged that of the 82,000 chests of Indian opium destined for China, a quarter of it was smuggled into the country. He went further to say that, 'the Canton authorities once endeavoured to come to an understanding with those of Hong Kong in respect to some arrangement to restrain the smuggling going on in the neighbourhood waters; but the reception which their agent received was so much like that which Mr. Hoar of Massachusetts received when he went to Charleston to inquire into the position of colored sailors, that they have never ventured to send another.' (Observing the increase in opium Tariff duty, Williams commented that though the mercantile bodies were violently objecting to its introduction, it was justifiable in that China could increase her revenue, which was low in comparison with the amount the Indian government derived from opium. He believed that the Tariff increase might compel the Indian government to abolish the opium monopoly in India and allow the thousands of acres of fertile land to be used to grow produces 'beneficial to all.'⁶³ When ratification was refused, Williams expressed regret and commented that western governments should continue with peaceful negotiations and avoid the use of force⁶⁴.

Reactions from the French and Russian ministers to China

were the reverse. At an early stage, in August 1868, they both expressed that they reserved their countries right of revision, implying that they would not ask their governments to concede to the terms Alcock might have been able to obtain from China, but would negotiate independently when time for their revisions came. This attitude did not change when the agreement was signed⁶⁵.

China's reaction was surprisingly mild. A memorial by the Tsungli-yamen gave an account of the negotiations which led to the agreement and its non-ratification by the British government owing to mercantile opposition. The Tsungli-yamen added that when Wade came to inform it of this decision, he had suggested that some of the stipulations agreed to could be put into effect on a trial basis and that formal revision could wait until the time due for revision with the other major Treaty powers. The Tsungli-yamen believed that France was primarily interested in religious matters and would have followed Britain's steps regarding commercial matters. If some of the proposals, which would be beneficial to the western merchants, were introduced, even on a trial basis, this would lead to serious consequences. 'We would have fallen into their trap and in future would find it increasingly difficult to oppose them.' In view of the intentions of the British, the officials connected with foreign trade and all customs personnel should be forewarned of such intentions and to repel them. An imperial edict to this effect was accordingly proclaimed⁶⁶. China was not overly displeased with the non-ratification, possibly because the commercial regulations contained in the 1858 agreement were more to her liking; and with the non-ratification, these were automatically renewed for another ten years⁶⁷.

Summary

In a communiqué given to M. de Rehfues, Doyen of foreign representatives at Peking, Alcock gave a very precise and comprehensive exposition of the reasons and approaches he had adopted towards treaty revision: 'the most prudent course would be to accept the concessions which

have been obtained from the Chinese Government by fair argument and amicable representation, and to wait, as regards all other matters, the development of which in the natural course of things may be looked for, and which the experience of late years gives good reason to expect will attend our future trade with China. Such being the line of policy laid down for my guidance, I have both accepted and made concessions of more or less importance, keeping in view the material condition of the Empire, the actual situation of the Government and the true interests of both countries....I am persuaded that on no other basis can permanent relations of amity and commerce be maintained. There must be reciprocity of benefits as well as a spirit of fairness and desire for mutual accord....I think, however, a simple enumeration of the concessions made on both sides will show that there is a large balance of advantage in favour of foreign nations and their commerce. I feel sure that many existing obstacles will be removed by their aid, and increased facilities afforded for its steady development.' Alcock had spelt out in clear terms what his agreement was supposed to achieve⁶⁸.

The ferocity of protests from the mercantile communities was unexpected, and forced by such opposition, the British government had to reject the agreement - one that was negotiated on grounds of understanding a mutual willingness for equal concessions. China's rejection of some of the stipulations to be put into effect on a trial basis meant that nothing was achieved. The problems that had arisen after 1860 remained unsolved. However, ill-feeling had been generated. The Tsungli-yamen had pointed out the slyness of the British and cautioned that the generation of some degree of animosity was inevitable⁶⁹. Alcock, for his part, had expressed in plain terms that the concessions Britain gave to China were the lesser of two evils and warned that non-ratification would lead to serious consequences, and would mean having to accept the greater of the two evils⁷⁰.

Nevertheless, during the two years after the non-ratification, new personalities had emerged on the scene. They had noted the reasons for the agreement's failure and took it as a forewarning of the type of negotiations they had to conduct with China. Alcock, possibly in disgust with the outcome of his agreement, had resigned from the diplomatic service. As British Minister to China, his place was taken over by Thomas Wade, who had acted as interpreter to Lord Elgin and had been the chargé d'Affaires after Alcock had left China in late 1869. In Hong Kong, Macdonnell had retired in 1872, and he was succeeded as governor by A.E. Kennedy, a person moderate in temperament and quite unprepared to fight blindly for the cause of the mercantile community as his predecessor had done⁷¹. Though the Chinese personalities remained the same, yet they had become more well-versed in diplomatic negotiations and knew how to seek other avenues for satisfactory results. We might say that though the problems remained, the experience gained from these years, plus the introduction of new personalities on the scene, provided both China and Britain with a different approach to solve the problems that laid ahead.

CHAPTER 4: NEGOTIATIONS ON THE OPIUM QUESTION TO 1876.

In the short span of time between the non-ratification of the Alcock Convention and the signing of the Chefoo Convention, i.e. between 1870 and 1876, two aspects of the Opium Question - the taxation of opium and the blockade of Hong Kong - took on new characteristics and involved new issues. In the former, the rapid assertion of native opium (the third aspect of the Opium Question) in the China market greatly altered the approach by the two governments concerned with the problem. In the latter, continuation of the blockade with the introduction of new personalities also altered the picture. For the sake of clarity, discussion of these issues will be done separately, but it is to be noted that they were happening side by side and very much related to each other.

Growing Importance of Native Opium

In chapters 1 and 3 of this dissertation, we have briefly alluded to the origin and growth of native opium and its impact on Alcock's agreement to the increase in Tariff duty on foreign opium. In the following sections these will be elaborated.

Information has been derived mainly from reports submitted by the British diplomatic staff in China and the Foreign Inspectorate, especially after 1869, when the Indian government requested the British minister at Peking to call on his consuls to provide as accurate and as detailed information as possible on the cultivation of the poppy and its markets in China. From that date on, consuls at the Treaty ports gathered as much data as possible from whatever source they could obtain information from. These included reports compiled by themselves and their subordinates on journeys made to the interior of China, reports made by various chambers of commerce in fact-finding missions, and hearsay evidence from both European and Chinese merchants involved in the opium trade. Naturally, information regarding native opium trade and poppy cultivation in the immediate vicinity of the consular

districts contained a greater degree of accuracy than those concerning the interior of China.

The Foreign Inspectorate, under instructions from the Inspector General, also made investigations and surveys. These were contained in the annual and decennial trade returns compiled from reports submitted by the commissioners, and in confidential 'Special Series' publications from time to time. Since the growth of native opium was forbidden, by Imperial decree, until the last decade of the nineteenth century, the Chinese authorities, both Imperial and provincial, did not make any similar surveys. Thus, apart from what one can read from the anti-poppy cultivation edicts and memorials, there are no other sources of information.

Difficulty is encountered in using these documents since, on the one hand, they do not contain as much information as one would hope for, and on the other, some reports were contradictory. None of them can be verified statistically. However, apart from being the only sources available to the researcher, they do provide an overall picture of the development of native opium in China.

In 1864, aware of the fact that native opium was of growing importance, Hart issued a special circular to his commissioners at the Treaty ports asking for information concerning the drug - its use, the amount consumed, the price, where it came from, whether any was exported and its effect on foreign opium¹. Of the replies that came back from twelve Treaty ports, half of them (Newchwang, Kiukiang, Chinkiang, Ningpo, Foochow and Swatow) said that native opium was not in use. Tientsin and Chefoo reported that it was not widely used. Of the other four, Hankow said that the foreign drug was unknown before the port was opened and smokers relied solely on the native drug. Shanghai reported that an estimated 500 piculs were consumed but was smoked by the poorer people who could not afford the foreign variety. In Amoy, the same amount was consumed by the poorer people while Canton reported a consumption of

15,000 piculs. With regard to the other points of information, all reports agreed that the native drug came from inland provinces - Shansi, Shensi, Szechuan, Yunnan, Hunan and Kweichow - the first three providing the greater proportion. It was cheaper - roughly about half the price of the foreign variety but of an inferior quality. All agreed that native opium had not diminished the demand for the foreign drug.

In subsequent years, almost all annual commercial reports made by the British consuls and the Foreign Inspectorate's commissioners contained details on native opium, and it is on the information in them that the following paragraphs are based.

On the whole, the decade of the eighteen-sixties was marked by the increase in the production of native opium, chiefly in the inland provinces. In 1864, it was estimated that one-third of Yunnan and two-thirds of Szechuan were already devoted entirely to the cultivation of the poppy. Other western provinces - Kweichow, Kansu and Shensi - had also extended its cultivation. Enough opium was produced annually, not only for local consumption, but also for export to other areas including the coastal provinces which had hitherto depended solely on the foreign drug². Surveys made by consuls showed that native opium from Yunnan, Szechuan and Kweichow dominated this new export market³. Moreover, these western provinces had become entirely self-sufficient and, in fact, smokers had now no taste for foreign opium at those provinces. This is illustrated by the Jung Bahadoor mission. Bahadoor was ruler of a small kingdom bordering on Tibet, who between 1864-65 came to China on a tribute mission. Bearing in mind the profit to be made from selling opium, at great expenses, he carried with him 200 chests of Indian opium, which he hoped to sell en route to Peking. He could not find even one buyer, and at the end of the mission, at great loss, he had to carry the entire cargo back to his kingdom⁴.

Jung Bahadoor's experience is a case in point, but this total exclusion of foreign opium from the western provinces is always reflected in reports made by the Hankow consul and commissioner there.

Hankow, in fact, had become the dividing line between the consumers of native and foreign opium. Trade returns indicated that whilst there was an increase in the export of Szechuan opium to the coastal areas - most of it was transhipped at Hankow - import of foreign opium had been static after 1855; but since 1866, it had been steadily declining⁵. The same phenomenon can be seen in practically all the other Treaty ports. To quote a few examples, in 1863, W.B. Dennys, acting Consul at Tientsin, reported that the quantity of Indian opium imported was dependent entirely on the production of native opium in Shensi⁶. In 1865, W.H. Lay, Consul at Chefoo, reported that an increase in the Indian opium import was solely because of the prohibition of poppy cultivation in Shansi, together with the imposition of a heavy duty on native opium⁷. The report for 1866 said the same, and a similar one came from Shanghai⁸.

The last years of the sixties saw not merely the continuance but the increase of such a phenomenon. W.E. King, Consul at Newchwang, reported in 1868 that about 1,000 piculs a year was imported into the port in addition to 300 piculs grown in the district of Yung-ping in nearby Chihli province⁹. In 1869, the consul of Kiukiang reported that there had been a decrease in the import of the foreign drug since 1866 and this was primarily due to the fact that smoking of native opium was on the increase. Szechuan opium, coming down from Hankow, was gradually displacing Indian opium. Moreover, poppy was grown in the south of the province (Kiangsi) and sold in neighbouring Honan and and Fukien¹⁰. In the same year, Consul Robertson reported from Canton that cultivation of poppy seeds from Yunnan had started in Kwangtung¹¹. The same reports came from Tientsin, Shanghai and Hankow¹².

In 1870, J. Markham, the consul at Shanghai, remarked that competition from native opium was serious, but production on a large scale seemed to be confined to Yunnan, Szechuan, Shensi and Kweichow - with 10, 60 and 30 percent respectively (Kweichow's production was insignificant compared with the other three). He also estimated that the total production of native opium was about 50,000 piculs in 1866, 60,000 in 1867, 80,000 in 1868, and 60,000 and 70,000 respectively for 1869 and 1870, but added that the last two years had seen reductions because of disastrous floods. He also estimated that half of the Yunnan produce was for export to Kwangtung, Kwangsi and Kweichow, and 75% of Szechuan opium was for export - 40% to the northern provinces, and 35% to the Yangtze provinces¹³. Robertson, quoting Chinese sources of information, reported that the western provinces - Yunnan, Szechuan, Kweichow and Kansu - produced between 15,000 to 18,000 piculs for 1865¹⁴.

When compared to the survey conducted by the Foreign Inspectorate in 1864 - for the year 1863 - of the six Treaty ports that reported no consumption of native opium, three of them - Foochow, Kiukiang and Newchwang, situated on the coast, in the interior and in the north respectively - were now receiving it in abundance.

During the sixties then, increased popularity of native opium led to the extension of poppy cultivation to provinces other than the original ones in western China. By summing up the information contained in the consular and Foreign Inspectorate's reports¹⁵, we can see that in the early sixties, cultivation had reached Hunan, Honan, Shensi and Shansi. The Manchurian provinces, including S.E. Mongolia, began cultivation around 1864, followed closely by Hupeh, Shantung and Chihli around 1868. Kwangtung joined about this time but cultivation ceased in 1872 and was not resumed. The Yangtze provinces, notably Chekiang, began cultivation in the early seventies. Fukien, which in the past had cultivated the poppy only for ornamental purposes, now began to grow it for smoking purposes. Thus, by the

beginning of the seventies, it was certain that of the eighteen provinces of China, at least eleven were engaged in poppy cultivation on a grand and commercial scale. The other provinces also grew some opium, but they were insignificant compared to the ones already mentioned¹⁶.

The first half of the seventies saw an immense increase in the production of native opium, pointed out by reports from Treaty ports. This phenomenon came despite an Imperial edict prohibiting poppy cultivation owing to a partial food-crop failure in 1871 because of the cold weather¹⁷.

In 1872, the consul at Hankow remarked that poppy cultivation in Kweichow was so extensive that no space was left for the production of cereals and the Imperial edict on prohibition was enforced to a certain extent because of it. Moreover, the quality of native opium had improved and could rival the Malwa variety¹⁸. Medhurst, the consul at Shanghai, also noted that the imports of Indian opium had been static for the past five years and this was entirely due to the competition of native opium, the production of which had more than quadrupled in the same period¹⁹. This was repeated in his report for the following year - 1873²⁰. In 1874, T. Adkins, the consul at Newchwang, reported that 'only one-fifth of the opium used by Chinamen is foreign, i.e. 80% is native, and as the quality of the native drug improves, the disproportion will increase.' Four-fifth of the arable land in the Manchurian province of Kirin was taken up by poppy cultivation²¹.

Together with the increase in production, provinces which had hitherto only imported foreign opium also began their own cultivation of the poppy. In Manchuria, cultivation was on the increase and was gradually extending from the north to places near Newchwang²². In 1874, the consul at Ningpo reported a 'startling increase' of cultivation in Chekiang, especially in the area lying between the 28 and 30 degrees latitude and 118 and 122 degrees longitude. A retired governor and some serving officials were involved in the cultivation²³. Shantung, which had hitherto never

grown any, had started cultivation of the opium poppy²⁴. In the following year, poppy cultivation had started in several districts in Anhwei province, and the amount produced was very likely to affect the consumption of Bengal opium in that province²⁵.

While the Chefoo Convention was being negotiated, the consul at Shanghai remarked that native opium was a serious competitor to the foreign drug and, 'if it had not been that the exchange market had been influenced by circumstances entirely independent of the opium trade, the latter would have suffered a tremendous loss.'²⁶ In his 'General Trade Report for 1876', I.W. Fraser, chargé d'Affaires in the absence of Wade, said that native opium from Yunnan, Szechuan, Shensi, Kweichow, west, north-west and central China had begun to be shipped from Hankow to Shanghai and other native ports. Shipments of Szechuan opium from Hankow to native ports were 110.89 piculs in 1868, 433.90 in 1869, 22.05 in 1870, 10.57 in 1871, 323.42 in 1872, 155.14 in 1873, 109.81 in 1874 and 893.50 in 1875²⁷. Even the amount of native opium that paid duty at the Foreign Inspectorate's office at Hankow and was destined for Shanghai had also rapidly increased. In 1871 it was only 10 piculs, in 1875 the amount had increased to 893 piculs, and in 1876 it had reached 1,696 piculs²⁸. The estimate for the consumption of native opium in Shanghai was between 2,500 and 3,000 piculs for 1874²⁹. This now only shows the extent of the clandestine trade, but also the availability of native opium from sources other than the western provinces of which Hankow was the chief exporter³⁰.

By 1876 then, it is a certain fact that, on the one hand, the production in native opium had greatly increased - double that of a decade ago would be a conservative estimate. It had also improved in quality, and despite the fact that it was used in the coastal provinces for adulteration with the foreign opium (especially the Indian varieties), rather than smoking it by itself, the interior provinces had completely done away with foreign opium.

Even in the Treaty ports, as Fraser observed in his report for 1876, nine of them showed a decrease in the import of foreign opium while five showed an increase, with the aggregate total of a surplus of 1,945 piculs. This, compared, with the total import of slightly under 70,000 piculs for the year, represented a very small increase³¹.

Comparisons between Native and Indian Opium

The increased growth and consumption of native opium greatly affected the market of Indian opium in China. This was due to the competitive price and the comparatively satisfactory quality of native opium. A comparison of the following would give us a clearer understanding of the nature of the competition between the two.

Confining ourselves in this section to the years before the conclusion of the Chefoo Convention in late 1876, since this is taken as a dividing point, we can look at comparisons under three headings: 1) their respective prices, 2) the taxes levied on each which affected the difference in price, and 3) their respective qualities.

1) Respective prices. One point that must be noted is that for both native and Indian opium, the prices they fetched varied from place to place and year to year. This was due to the amount produced (including frequent opium crop failures in China - the Indian drug was seldom affected by crop failures because there was always sufficient quantities in reserve at Calcutta), amount imported, the quality, and the exchange rate, as well as the duties on them.

The first report of the price of native opium as compared with Indian opium came in 1862 from Minister Bruce, who said that the average price of Indian opium for that year was 800 taels per picul while that of native opium was 400 taels per picul. However, owing to the shortage, the price of the native variety sometimes went as high as 650 taels³². This observation can be seen in most of the reports from both the consuls and commissioners in subsequent years. In the special report on native opium

of 1864 compiled by the Foreign Inspectorate, the Newchwang commissioner reported that native opium sold at half the price of Indian opium, i.e. at 300 taels per picul. Ningpo and Amoy reported the same rate. However, Canton reported that native opium was selling for \$380 to \$460 while Malwa fetched \$670 and Patna \$530 (native opium would be selling at two-thirds the price of Indian opium). Hankow reported that native opium was 30% cheaper than the Indian drug; Chinkiang estimated their respective prices at 300 taels and 500 taels while Shanghai's prices were 375 taels for native opium as against 530 taels for Malwa and 500 taels for Patna³³.

Prices in subsequent years dropped if there was a good harvest, and rose if there was a shortage. The ratio between the two types, however, remained about the same - the price of native opium varying from half to one-third of the price of the Indian drug. The following is a selected list of prices fetched at some of the Treaty ports³⁴:

- 1869 - Foochow: native opium (abbreviated as n-o) \$450 per picul (all prices quoted are per picul) or less by \$250 compared to Patna at \$710, Malwa at 725, Benares at \$700 and Persian at \$600;
Tientsin: n-o (Kansu type) 420 taels, Malwa 520 taels (price differences varying from 125 to 200 taels);
Shanghai: n-o 250 taels, Malwa 482 to 600 taels and Patna 395 to 560 taels;
- 1870 - Shanghai: n-o 150 taels;
- 1872 - Hankow: n-o 360 taels, Malwa 460 taels;
Shanghai: n-o 250 to 300 taels, Malwa 425 to 475 taels, and Bengal (both Patna and Benares) 425 to 510 taels;
- 1873 - Foochow: n-o \$300 to 310 and Malwa \$642.50 to 677.50;
Tientsin: n-o 350 taels and Malwa 468 taels;
- 1874 - Ningpo: n-o \$400 and Indian opium \$600;
Tientsin: n-o great variations - Shantung 220 taels (fair crop), Chihli 320 (small crop), Shansi 510 (fair crop), Honan 220 (very large crop), Kwangtung 220 (very large crop), Kansu 230 (fair crop), Szechuan 170 (large crop), and Yunnan 110 (large crop), Patna 450,

Benares 437 and Malwa 408;

1875 - Newchwang: n-o 280 taels and Malwa 460 to 465 taels;
Shanghai: n-o 260 to 270 taels, Malwa 410 to 445 taels,
Patna 415 to 445 taels and Benares 410 to 432 taels;

1876 - Shanghai: n-o 250 taels, Malwa 425 taels, Patna 430
taels, Benares 415 taels and Persian 360 taels.

2) Taxes. Rule V of the Commercial agreement of 1858 subjected foreign opium to a Tariff duty of 30 taels per 100 catties (or 1 picul) after which Chinese authorities, whether Imperial or provincial, had the right to levy whatever kind and amount of taxes or dues they pleased. Native opium, because it was produced in China, paid no Tariff duty. This point is to be borne in mind when comparing the levy of duties between the two types.

Dues (apart from the Tariff duty) levied on foreign opium, which the opium merchants called 'octroi', varied from place to place both in the total amount collected and the different types of dues. But they were lumped together under the term likin and only in specific cases were the different types of dues and the amount collected for each spelled out³⁵.

With regard to the dues levied on native opium, one general factor must first be pointed out. Because of the ease with which it could be smuggled from place to place in small quantities, not all native opium paid the taxes or dues it was required to pay. Moreover, as a general rule, apart from the land tax, which was applicable to all crops cultivated and not to the poppy in particular (though in some provinces special land levies were introduced on land used for poppy cultivation), the provincial governments always tried as best as possible to levy on native opium half the likin imposed on foreign opium. Exceptions to the rule, however, can be seen: in 1868 at Newchwang, a levy of 18.6 taels per picul was made on native opium at trading centres, the same as that levied on Indian opium³⁶. But in no case did the levy on native opium surpass that of the foreign variety.

The following is a selected list of likin, used as a collective term for all dues, levied on native and foreign opium until 1876³⁷:

1868 - levies on foreign opium for this year is compiled from Commissioner Dick's report (see note 37).

Port	Amount of Native Charges per picul at the port one way to prin- ciple market	total
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Newchwang	18.6.0.0 10.1.9.7	28.7.9.7
Tientsin	17.0.0.0 36.0.0.0 to Peking	53.0.0.0
"	" 17.0.0.0 to Shensi	34.0.0.0
Chefoo	18.6.0.0 --	18.6.0.0
Hankow	13.9.2.0 16.5.6.4	30.4.8.4
Kiukiang	34.0.0.0 16.9.6.0	50.9.6.0
Chinkiang	38.4.0.0 24.0.0.0	62.4.0.0
Shanghai	37.2.8.7 --	37.2.8.7
Ningpo	34.0.0.0 --	34.0.0.0
Foochow	84.6.4.0 20.8.6.0	105.5.0.0
Tamsui	32.1.3.6 --	32.1.3.6
Takow	45.3.4.0 --	45.3.4.0
Amoy	90.2.9.0 --	90.2.9.0
Swatow	11.0.5.0 3.7.1.0	14.7.6.0
Canton	23.0.0.0 25.3.4.0	48.3.4.0

(the totals exclude the Tariff duty, and all returns are in taels, i.e. tael-mace-candareen-cash)

1869 - Foochow (CCR): foreign opium \$163.38 per picul (this included Tariff duty), no mention of n-o;
 Tientsin (CCR): foreign opium 20 taels per picul, and n-o 20 taels per 150 catties (or 1.5 piculs);
 Shanghai (CCR): half likin on n-o, i.e. 22.50 taels (half import and whole export duty, but before October 1868 the total levy was 45 taels per picul);
 Hankow (CCR): n-o (Szechuan) 3 mace per picul at place of origin (likin, grower's land tax and squeeze), then likin of 9,600 cash per picul at Kwei barrier, at Ichang a transit duty of 39 taels per picul but in actual fact only 15 taels 6 mace per picul (because 100 catties were only 'weighed' as 40 catties) - so

a total of about 25 taels per picul before it reached the place of consumption;

- 1871 - Chefoo (FI): likin on foreign opium increased from and 21.28 taels to 35.74 taels because of additional revenue required to relief distress caused by floods;
- 1872 Foochow (FI): foreign opium likin of 84 taels and inland tax of 34 taels;
Swatow (FI): foreign opium likin of 34 taels per picul and tieh-hsing of 24 taels;
- 1873 - Canton (CCR): foreign opium likin of 13 to 15 taels;
Newchwang (CCR): n-o likin one-third of foreign opium;
Tientsin (CCR): n-o likin half of foreign opium;
Shanghai (CCR): foreign opium 45.26 taels per picul made up of charges on collection, extra charges for defence and wharfage and likin;
Chefoo (FI): foreign opium likin of 34.26 taels;
Amoy (FI): foreign opium likin of 112.4.7.2 taels which was twice as much than at Swatow;
Foochow (FI): foreign opium likin of 114.6.4.0 taels;
- 1874 - Tientsin (CCR): n-o likin of 38.40 taels but to 19.20 taels during the year, likewise likin on foreign opium was reduced from 32.56 to 31.55 taels;
Chefoo (FI): foreign opium likin of 32.20 taels;
Canton (CCR): foreign opium likin, including Tariff duty, of 61.6.4.0 taels;
- 1875 - Tientsin (CCR): foreign opium likin of 64 taels, and n-o half of that;
Shanghai (CCR): n-o likin half of Tariff duty;
Kiukiang (FI): foreign opium levies reduced from 30.7.2.0 haikuan taels to 15.3.6.0 haikuen taels;
Chinkiang (FI): foreign opium levies reduced from 38.4.0.0 haikuan taels to 30.7.2.0 and then in October further reduced to 15.3.6.0 to be on a par with Kiukiang;
- 1876 - Hankow (CCR): n-o half duty of 15 taels and foreign opium 30 taels;
Ningpo (CCR): n-o likin of 32 taels per picul;

Shanghai (CCR): n-o half the likin levied on foreign opium which was 82.92 taels (including Tariff duty levied at Soochow);

Tientsin (FI): foreign opium likin estimated at 75 haikuan taels per picul (Commissioner A.M. de Bernieres also remarked that at some other Treaty ports likin only amounted to 18 haikuan taels);

Swatow (FI): foreign opium likin raised by 50% on 17 October to 21.5 taels;

Kiungchow (FI): foreign opium likin of 23 taels and contribution to defence fund of 2 taels.

In comparing the likin on foreign opium in 1868 with that in 1876, there is a degree of similarity. One thing certain is that the amount of levy imposed on native opium represented about half of that levied on the foreign variety.

The native opium could afford to be sold cheaper - from half to one-third less in price than the Indian variety - and that it was improving in quality meant that by 1876, at the latest, it had become a serious competitor to foreign opium, especially Malwa³⁸. It was an outcome which had not been envisaged in the Foreign Inspectorate's special survey of 1864.

3) Qualities. Concerning the quality of native opium, as compared to the Indian varieties, the Indian government had made very detailed analysis as early as mid-1861. The report which was issued then, apart from supplying statistics of morphia obtained from opium extracts and other technical details, commented that though Chinese opium was inferior, 'it is pure unadulterated opium of a good quality.' In 1870, another detailed analysis was made, comparing samples of the various types of Chinese opium - from Szechuan, Yunnan, Kweichow, Kansu, etc. - with Benares and Patna (or Behar) opium, and it was revealed that Chinese opium was not at all inferior³⁹.

In 1874, Medhurst, the Shanghai consul, gave a detailed analysis of the actual differences in quality from the

viewpoints of opium smokers in China. 'Bengal opium, which is prepared with greater care, though having strong narcotic properties, is free from many of the objections which the Chinese have attached to the others. Malwa is of a stronger flavour, more coarse and biting to the taste; it is said to have a tendency to induce an unhealthy condition of the skin, and is altogether more pungent and stimulating. It produces heart-burn in those unaccustomed to its use, and is irritating to the nervous system. Native opium, again, possesses all these bad qualities of the Malwa drug, with others of its own. It is said to be coarser and more fiery than the Indian; its flavour is inferior, and it produces disagreeable and troublesome eruptions of the skin, and it is moreover constantly adulterated to a great extent with seaweed, oil, &c. To remedy these defects it is said that the smoker is compelled to have occasional recourse to the foreign drug. The difference between the foreign and native sorts is so marked that the Chinese say that no man can exchange the use of even the inferior foreign drug for that of the best quality native product.'⁴⁰

Chinese government's reactions

The policy or policies adopted by the Chinese government towards the growth and taxation of its own opium was very much dependent on the attitudes of the provincial authorities, and the Imperial government very seldom initiated any policy of its own⁴¹.

Control over the provinces by the Imperial government had always been lax and a great deal of autonomy was exercised by the provincial governments. Due to the desire to secure more revenue for the provinces, cultivation of the poppy was encouraged rather than discouraged. As Alcock pointed out to Lord Stanley in early 1869, 'the greed and corruption' of the officials all through the provinces are stronger than any Government Edict; and opium will still be cultivated whatever the prejudice to the supply of food for the population, until the rice

gets to famine prices - and insurrection of starving people again begin the terrible circle of ruin and desolation. With corruption and imbecility among the ruling classes rendering all effective or honest government impossible...greed and misrule thus going hand in hand to depopulate the land and plunge the whole empire into anarchy and irreparable confusion.'⁴² Thus, the policy the Imperial government adopted was one of laissez-faire.

Fully aware of the consequences to the national morale and the need for foodstuffs, prohibition edicts were only proclaimed after special memorials were submitted by high-ranking officials calling for prohibition of poppy cultivation because of famine conditions or other reasons. However, though these edicts were applicable to all the provinces, it was the rule rather than the exception that only in the province or provinces directly concerned with the memorial was prohibition more or less effective. Thus, throughout this period we have the following attempts at suppression.

In 1864, because of the increased growth of the poppy in Shansi, which led to a food shortage and an increase in the price of foodstuffs, an Imperial edict was issued ordering all provinces to suppress the cultivation⁴³.

In 1868, as a response to a memorial by censor Yu Po-ch'üan, who requested that poppy cultivation must be strictly prohibited as it would greatly prejudice the people's means of subsistence, an Imperial edict called attention to the fact that poppy cultivation had spread from Kansu to Shensi and Shansi and was not gradually extending to Kiangsu, Honan, Shantung and other provinces. 'The common people in their desire for gain forget what harm may ensue; they simply regard what is immediate before their eyes; and it is to be feared that rich and fertile lands will be entirely appropriated to the production of this worthless article, a result which would be attended with grave consequences to the popular welfare.' All high-

ranking officials were to suppress the cultivation in their provinces, and any official found guilty of negligence in carrying out this edict would be severely punished⁴⁴.

In August 1872, an Imperial edict was issued as a result of a memorial from censor Yüan Ch'eng-yeh concerning the extended growth of the poppy in Shansi and suggested that prohibition had not been effective in entirely eliminating the evil and that all opium dens should be closed⁴⁵.

The Peking Gazette of 19 December 1872 published an Imperial edict which was in response to a memorial from Tso Tsung-t'ang requesting that cultivation should be prohibited at Shensi and Kansu. The edict again stated that poppy plants must be uprooted on first budding, that local officials levying land charges on poppy areas should be punished, and that native opium coming from other provinces should be confiscated⁴⁶.

On 6 June 1874, as a response to another memorial from Tso Tsung-t'ang, Governor-General of Kansu and Shensi, denouncing four chief magistrates of districts in Kansu in their involvement over poppy cultivation, another Imperial edict was issued⁴⁷.

There was a lapse of over two years in which no prohibition edicts appeared. Then on 26 September 1876, an edict appeared in the Peking Gazette. Once again, it was in response to a memorial, this time from Pao Yüan-shen, Governor of Shansi, in which he requested that cultivation of the poppy plant must be thoroughly prohibited and regulations should be established for the reward or punishment of officials connected with this matter. The edict called attention to the great detriment to the food supply caused by poppy cultivation. It also mentioned that district authorities were inactive in enforcing the prohibition, looking upon it as a mere matter of routine, and there were even cases in which they accepted a fee for relaxing the interdict, which they turned to account for their own selfish purposes, with abuses innumerable as

the result. Governor-Generals and Governors of all provinces were commanded to enforce the interdict and to denounce offenders⁴⁸. As usual, no action was taken by the provincial officials.

From the scarcity of edicts and the basic repetition of the contents and the confinement to certain provinces, it is clear that though prohibition might have been carried out, it was only for a limited time and of very limited success. The inability of the Imperial government to impose its will on the provinces is amply reflected here.

At the same time that these officials were memorializing for prohibition, another group of officials were busy encouraging poppy cultivation and seeking Imperial sanction for their actions. In March 1874, possibly as a response to Tso's memorial, Prince Ch'un requested that the Imperial government adopt a realistic attitude towards the Opium Question. He had discussions with Li Hung-chang, then Governor-General of Chihli, in early 1873 concerning this, and had come to the conclusion that Indian opium was extremely detrimental to the nation's wealth and health and that its importation should be stopped first. After this had been accomplished, it would not be too late then to suppress poppy cultivation in China. He based this argument on the principle that 'to chop wood, it must be chopped at the root, and to stop a riverflow, it must be plugged at the source.'⁴⁹

An Imperial edict to the Grand Council ordered that Li should submit details of his proposal for consideration⁵⁰. This prompted a memorial from Li in December 1874 in which he pointed out that there was a yearly import of over 70,000 piculs of foreign opium which amounted to over thirty million taels of silver. The British government, fully realizing the evil effects of the drug, had made no attempt to stop its cultivation in India, but had repeatedly called on China to stop her own production. This was obviously motivated by profit considerations at the expense of China. Li believed that the only way to prevent the

outflow of silver and to reduce the importation of the Indian drug was to legitimize and to encourage the growth of native opium. While, on the other hand, more dues should be levied on the foreign drug, so if the foreign opium merchants could not make any profit from its sale, its importation would cease. After that, gradual suppression of the native drug could be effected. This would not only exterminate the evil of opium smoking, but would also conserve China's wealth. He further advocated the joint collection of Tariff duty and likin in order to avoid smuggling; the revenue could be used for coastal defences⁵¹.

Earlier in June 1874, Mayers, Chinese secretary at the British legation, had a conversation with Li Hung-chang in which the latter complained about the foreign opium import. Mayers rejoindered by saying that if the drug was so obnoxious, the Chinese government should start by effectively prohibiting poppy cultivation in the empire. To this, Li replied that as long as foreigners were allowed to bring opium into China, his government 'could not well bear hard upon its own people in the matter.'⁵²

That Prince Ch'un and Li Hung-chang were not censured for their suggestions, though no opinion came from the Imperial government, is proof of the fact that the Imperial government possessed no definite policy towards native opium. If there was enough pressure to legalize cultivation, the Imperial government just might do so. Cultivation was very widespread throughout Chihli, Li Hung-chang's area of jurisdiction, and no attempt had been made to stop it.

As regards the taxation of native opium, there is very little information on the policies adopted either by the Imperial or provincial governments. This was because officially native opium was contraband and could be neither taxed nor grown. However, from consular and Foreign Inspectorate's sources, it is clear that taxes were levied by the provincial authorities without them putting anything in writing. The same was true for

the Imperial government. It remained completely silent on the matter.

Of the known cases, in 1859 Prince Wei memorialized that native opium should be taxed on the same basis as Indian opium. In August the same year, an Imperial proclamation ordered that both Tariff duty and likin should be levied on native opium at Yunnan, and the Tariff duty sent to the Board of Revenue; the likin was to be used for expenses in the suppression of rebellious elements in that province⁵³. This was the last official government pronouncement from the capital that allowed poppy cultivation. Subsequent years saw a reversal of policy and prohibition edicts were issued. These were ineffective and taxes were continually levied on native opium at approximately half that on foreign opium. The Imperial government was tolerant towards it since by prohibiting this, the provincial governments would have demanded much more subsidy from the Imperial government. It became a matter of realism that a laissez-faire attitude - if it can be considered a policy - was adopted throughout our period of study⁵⁴.

British government reactions

In reviewing reactions from the British government to the increased growth of opium in China, the department most immediately concerned was the India Office, which represented the interests of the Indian government. The main concern of the Indian government, and for that matter, the India Office, was in the annual revenue it derived and could derive from the opium trade with China. The opium revenue amounted to one-seventh to one-sixth of the entire revenue of India and it was budgetted into the estimate for each financial year⁵⁵. The dependence on this revenue was very pronounced and thereby the reaction of the Indian government to native opium was a concerned, apprehensive and sensitive one.

After foreign opium was legalized in 1860, the initial reaction from the Indian government was to enquire about

the 'sources of supply and the cause of price being maintained here [India] at a higher rate than the price in China would appear to warrant.'⁵⁶ However, things stayed as they were for the following years until early 1869 when with more information obtained concerning production and increase of native opium, the Indian government requested more information. This was also due to the commencement of treaty revision. In a letter transmitted to Alcock from the Indian government - going through the proper channels of first the India Office and then the Foreign Office - the Financial department of the Indian government wanted information from the consular corps to be included in their quarterly reports concerning 'a careful resumé of the most recent information that they can gather in respect of the country round them concerning the growth of the poppy, the quality of the produce, the price, and its favor with consumers, etc..' It also wanted yearly samples of genuine indigenous opium and occasional estimates of the lowest price at which native opium could be sold at a profit. The Indian government was willing to bear all charges so incurred and to treat the matter as confidential. These were due to the fact that such information was essential 'because of the opium revenue and private interest' and that official reports were better than private sources of information which might be exaggerated⁵⁷.

As a result of the information gathered, after discussions with Alcock after he had signed his agreement, and in private council meetings of the Indian administration⁵⁸, many opinions were expressed. It was made very clear that conflict between Indian and native opium for markets in China existed, and in order to make Indian opium more competitive, cuts must be made in the price and the Indian government would have to seek other sources of revenue to compensate for the consequent loss⁵⁹. Having discussed such problems fully, in a full meeting of the Viceroy-in-Council on 19 March 1870, resolutions to increase poppy

cultivation in India were adopted⁶⁰.

In the following year, a special memorandum was written by the Financial department of the Indian government, which traced in detail the history of native opium, its growth and popularity, the competition it had afforded Indian opium, a comparison of the price of the two types, and finally the comparative qualities of the two⁶¹. The mere fact that such a report was drawn up in such great detail, though it lacked in specific comments about the consequences of competition and what steps the Indian government should take to remedy them, shows the extent to which the government was worried about the competition from native opium. However, the report, inconclusive though it was, did suggest that at the moment, native opium was not as serious a competitor as most believed it to be⁶².

As a summary, it would be true to say that though the Indian government was worried, it was not exceedingly so - but only for the moment. In noting the concern of the Indian government over the competition from native opium, it is worth while to record some reports made by the consular staff in China, who from 1869, under a directive from Alcock after the urgent request from the Indian government, made detailed observations of the seriousness of the competition⁶³.

1868 to 1869: W.M. Cooper, an interpreter, drew up a memorandum on native opium in December 1868 in which he reported that 'the present extensive cultivation of the drug in Szechuan, and the revival of cultivation in Yunnan during the last four or five years may probably account for the sudden decrease in demand for the Indian drug in Western China.... I believe that I am rightly informed that the people dislike the Indian drug on account of its great strength.'⁶⁴

T.T. Cooper, who undertook a journey in late 1868 in search of an overland route from China to British Burma, made a report which also included his observations on native opium. In his report, he wrote, 'what effect any

serious decrease in the importation of the drug which would have on foreign trade....A few years ago such a suggestion would have been received with a sensation approaching to horror. The importation of opium being the only practical means of equalizing the exchanges, then largely in favour of China; now, however, the partial opening of the country has already to a large extent rendered our trade independent of the drug....it now seems that our increased imports of foreign piece goods are likely to be balanced by a corresponding decrease in the opium trade. This is a result which few will regret; its effect will doubtless be to improve the rate of exchange in favour of importers and enable a still increasing quantity of foreign manufactures to enter into consumption in China.'⁶⁵

1870: In an extract from the 'Spectator' which was with the budget estimate of the Indian government for the year, it commented that 'when we come to look into it, the prime cause of change is the necessity of putting a lower figure on the yield of opium. We received from that source £8,453,000 in 1868-69, and only £6,922,000 is estimated now; but so far the latter sum being an under estimate, no one can read the Budget without suspicion that opium is more risky than even.'⁶⁶

1872: Referring to an Imperial edict prohibiting native opium, Wade, in his despatch to the Indian government said that, 'Thus, for the present at least, its treatment of the question may be regarded as favorable to Indian trade,' but added that, 'but the Decree may be little more than one of those declarations it feels called upon to make against opium, whenever the use of the drug is publicly forced upon its attention.'⁶⁷

In a commercial report detailing the general features of the China trade made by Malet, statistician at the Peking legation, he wrote that, 'the value of Foreign Opium had decreased in 1872, and there is reason to suppose that native grown opium continues its rivalry with

increasing success.⁶⁸

1874: While commenting on the punishment meted out to four magistrates of Kansu because of the memorial by Tso Tsung-t'ang, Wade pointed out that, 'Tso's denunciation of these magistrates is possibly due...to corrupt motives. Still there can be no doubt that the moral convictions of Chinese in general are outraged by the practice of opium smoking. I look therefore for a reaction one day against the opium traffic, although the interest of the Central Government in the duties on foreign trade, of which the collection on opium forms so large an item, will for some time to come protect it.'⁶⁹

1875: In Consul Robertson's commercial report from Canton, he stated that 'there is no doubt that the importation of Indian Opium has not increased in the ratio that might have been expected; on the contrary, it has been stationary, whilst on the other hand the native production has to a very large extent, showing that if the supply from India failed or was cut off entirely, its loss would in time be supplied from native sources.'⁷⁰

In assessing these reports, the most obvious fact that emerges is that the import of Indian opium had become static - and this was not because of the lack of money to purchase it, or because famine or anything else, but almost entirely due to the competition of native opium, which had increased in quantity and improved in quality. This assessment of the Indian opium market in China was to play a great part in the negotiations for the Chefoo Convention. That the Indian government expressed more concern and opinions on the agreement than it had about the Alcock Convention is a clear indication of the anxiety and worry over competition from native opium.

Continuation of the Customs blockade of Hong Kong

The interim years between the two Conventions, i.e. 1870 to 1876, saw the continuation of the customs blockade. It had, however, grown in magnitude and intensity because, apart from the levy of opium likin by the Governor-General,

the Hoppo had also instigated the levy of native dues, while the salt monopolist likewise had begun collection of the salt gabelle. The nature of smuggling activities from Hong Kong has also greatly changed. Goods smuggled into Hong Kong were Chinese produces, which attempted to evade the export duty and other dues - such as sugar, tea, crockery-ware; while those smuggled out of Hong Kong were mostly opium, salt, saltpetre, arms and other materials of war - namely contraband, apart from the first two which were subject to Tariff duties and other levies⁷¹. Because of the effectiveness of the blockade - with its revenue stations and cruisers effectively cordoning Hong Kong - apart from the few who dared to take the risk of total confiscation, most had turned legitimate⁷². Thus, the complaints that issued from the Hong Kong mercantile community during this period concentrated on the adverse effects the blockade had on the junk trade of the Colony (the Foreign Inspectorate was responsible for the steamer trade), which was entirely in the hands of Chinese merchants. The nature of the blockade, as well as the nature of the response from Hong Kong, had altered from the initial year of the blockade.

Of the over three hundred cases of 'illegal' seizures complained of by the Hong Kong merchants, only a handful raised some serious controversy⁷³. A brief look at some of them will show the extent to which complaints over the blockade had changed in nature.

Between 1 July 1872 and 30 March 1874, there were altogether eighteen cases of seizure of trading junks either by the Canton native customs or the Salt Commissioner, brought to the attention of Consul Robertson⁷⁴. Settlements were attempted through a mixed court at Canton consisting of representatives of the Canton government and the British consulate at Canton, appointed by the Governor-General and Robertson, respectively. In some more serious cases, Robertson himself would be present to ensure that whatever verdict was decided upon, he would have first-hand

information on how it was arrived at, and thereby, could answer the expected objections from the Hong Kong government competently. The Governor-General, on his part, would also look into some cases personally.

A brief summation of eleven of the eighteen cases of seizure will throw sufficient light on the operation of the blockade and the reactions to it:

Case one- November 1872: A junk belonging to Kue Cheong-tai was seized for attempting to smuggle opium. The complaint, made through the Hong Kong government, was that the master of the vessel did not know of the existence of a cargo of opium. However, upon investigation, the opium was found to have been stowed in the cargo that it was evident the master must have been cognizant of the concealment. The verdict was the confiscation of the opium and a nominal fine; the vessel was released.

Case two - November 1872: A junk, 'Kum Shun-wo', was seized and was found to contain both opium and fifty bags of sulphur, which was contraband. Evidence showed that these were carefully concealed among the cargo and the intent to smuggle was indisputable. A heavier fine was imposed and the junk was detained at Canton for a much longer period before it was released.

Case three - June 1873: The junk, 'Tsit Lung-shing', was seized and complaint came from Ta-li company in Hong Kong, which insisted that the junk was seized by a Chinese customs cruiser in Pak-sha-wan (bay) which was in Hong Kong waters. The truth of the matter was determined by the mixed court composed of Gardner, Acting vice-Consul and interpreter at Canton, Yeh Tze-chu, the Chinese customs treasurer, and Pu Peng-chi, magistrate of the Nanhai district. The junk, loaded with rice and saltpetre, the latter being contraband, had waited in Sy-wan (bay) in Colonial waters for several days seeking the right opportunity to run the blockade. A revenue cruiser, commanded by a German, Vanderleearh, had information concerning the junk and laid in waiting behind Pai-tu island. On 12 June, the junk tried

to run, but was seized by the cruiser. Thus, it was proved that the seizure was effected in Chinese waters and the junk was not at anchor at the time of capture. The mixed court returned a verdict of 'guilty'.

Case four - June 1873: The junk, 'Kum Chun-fat', with 338 bags of contraband saltpetre and other cargoes, tried to run the blockade on the night of 13 June, but was hailed by a customs cruiser off Pai-tu island. She then ran back towards Hong Kong waters but was caught beforehand. However, because the distance from Pai-tu island to the Hong Kong shore was only a mile, and since the Governor-General had ordered that no seizures should be made nearer the Hong Kong shore than Tai-tu island, Slope island and Lantau, the master of the junk was given the benefit of the doubt.

Case five - July 1873: The junk, 'Ng hop-sing', was seized many miles away from Hong Kong while trying to reach the Colony from Swatow with a cargo of sugar that had not paid duty at the port of export. The owners claimed that the junk had come from Tamsui in Taiwan and was seized in Hong Kong waters. The owner eventually confessed that he had tried to smuggle the sugar into the Colony and he was fined.

Case six - September 1873: The owner of Pilot boat No. 317, registered in Hong Kong, alleged that his boat was seized by salt revenue cruisers in Hong Kong waters and suffered extortion by revenue officers. However, the complainant refused to go to Canton to testify before the mixed court and the case was decided against him.

Case seven - September 1873: The junk, 'Yun a hang', was seized with 80 balls of opium which possessed forged 'Grand Chops'⁷⁵, 31 balls which had no 'chops' and a small amount that had the true 'chops'. The complainants once again refused to go to Canton to testify and the mixed court gave the verdict that the owners had tried to use the real 'grand chops' to cover up for the forged ones. The cargo was confiscated.

Case eight - November 1873: The junk, 'Chin Chen-fang', was seized because some of the cargo were not declared on the

manifest, and a parcel of opium was also found. However, because no proof of any attempt to smuggle the goods was given by the revenue officers who seized it, the opium was returned and the owner of the junk fined a nominal sum for declaring a false manifest.

Case nine - December 1873: The junk, 'Sing Kut-li', was seized but some of the shippers who had their cargoes in the vessel declared themselves innocent. A Chinese woman who spoke good English came to Canton to argue on their behalf. However, she could not give the port clearance and duty receipts and also inadvertantly gave a letter to Gardner, the contents of which proved that the vessel attempted to smuggle the cargo and the petition was made to the Hong Kong government 'on the chance of obtaining more favourable terms, through its intervention, from the Chinese authorities.' The mixed court, naturally, found the owners guilty and confiscated their cargoes.

Case ten - January 1874: The junk, 'Kum-hop-feng', was seized for attempted amuggling and after a fine had been imposed and received, the vessel was returned to the owner. It was, however, taken by pirates and the owner tried to hold the Chinese government responsible. It was declared that the claim was not tenable.

Case eleven - January 1874: The junk, 'Kum Hop-sing', while on a voyage from Tamsui in Formosa to Hong Kong, carrying a cargo of tea and sundries, was seized near the Colony on 19 January. The master could only show receipts for likin but no receipts for other dues such as the export duty. It was contended that Formosa did not have an office issuing export duty receipts and so it was not paid and the seizure was illegal. Moreover, it was also asserted that the junk was seized in Hong Kong waters. The Canton authorities, however, contended that there existed regulations which required such vessels to go to the nearest port that had a customs establishment and pay the duties on her cargo and receive a port clearance before going to Hong Kong. Owners of junks had known of such regulations

for years and the 'Kum Hop-sing', in not complying with them, showed her attempt to smuggle. Robertson wanted the complainants to come to Canton and to argue their case themselves, but they refused. Consequently, after careful discussion with the Hoppo, the verdict reached was an attempted case of smuggling. However, when this was communicated to the Hong Kong government, the latter deemed it unsatisfactory. Robertson, in order to avoid more complications, offered to reopen the case and try it by a mixed court. The defendants still refused to testify at Canton on the grounds of possible intimidation by the Chinese authorities despite Robertson's assurance that they would be protected during the hearing. Nothing further was done in the matter⁷⁶.

Between late 1874 and mid-1875, there were three more cases of seizure on the same pattern as the eighteen before this date⁷⁷:

Case one - On 24 December 1874, the junk 'Sau Tung Li' was seized by a customs cruiser officered by two Europeans. It was carrying sugar from Shum Chuan, in the Canton River, to Hong Kong, but the cargo had not paid any duty. The sugar was confiscated and the vessel released after four days. The owner, however, contended that he had a special licence and that he had not paid duty for seven or eight years while on this route. Robertson replied that sugar was a dutiable article and the fact that the owner had not paid any such duty for so long proved beyond any doubt that he was accustomed to smuggling.

Case two - on 26 February 1875, a fishing boat, No. 2138 H registered in Hong Kong, was searched in Colonial waters near Stonecutter's island by a mandarin junk flying the Chinese flag. A small quantity of fish was taken away after the search. Representations were made to the Canton authorities and the Governor-General replied that, upon investigation, the search was not made in Hong Kong waters and no 'squeeze' was involved. The matter rested there because the loss sustained by the complainant was very small

and the Colonial government did not pursue it further.

Case three - On 26 March 1875, the junk 'Wing Chung Lung', with a cargo of cotton was seized as Yung-shu wan. The junk, together with her cargo and manifest were sent up to Canton. The owner, Kwong-Tsy-Sau, contended that the junk was making a return trip to Liu-chan and was sailing for Cheung Chau in order to pay the regular duty. However, bad weather had blown the junk off-course and the seizure was therefore premature. He further contended that Yung-shu wan was within Hong Kong waters. The Registrar-General, in forwarding the complaint to Robertson, added that two sailors of the junk had been imprisoned and tortured. A mixed court was subsequently convened and it was ascertained that though the owner had given \$30 to the master of the junk for him to pay the duty, the master had attempted to evade payment in order to embezzle the money. Moreover, the weather on the day in question was fine and the junk, in fact, was not seized at Yun-shu wan, but to the south of Cheung Chau, which showed that it had already bypassed the duty station. In their statements, the two imprisoned sailors testified that they had not been tortured; they had been treated exceedingly well by their jailors. Since the owner of the cargo was a respectable merchant and had not attempted to smuggle his cargo, it was returned to him but the junk was confiscated.

In reviewing the above cases of seizure, one can discern some common factors which showed not only the nature of the blockade but the reactions it obtained from Hong Kong. All the cases referred to the Canton consul by the Hong Kong government, apart from the few in which the benefit of the doubt was given to the complainant, were found to contain inaccurate statements made on purpose in order to try and obtain an acquittal. Moreover, the illegality of seizures as a rule were based either on seizures effected in Hong Kong waters, or on a different interpretation of how and where duties should be paid and collected. When asked to testify in Canton at the mixed courts, the

complainants would seldom present themselves. The excuse given was always the fear of imprisonment and torture by the Canton authorities. Though this fear was dismissed by Robertson as groundless, the Hong Kong government was very much taken in by such a belief, and more than once expressed its concern on behalf of the complainants. .

The setting up of the mixed court to arrive at a fair judgment is indeed a notable achievement on the part of both the Canton government and the British consulate. It restricted the grievances and complaints made by the Hong Kong mercantile community to solutions to be arrived at between the Chinese and British authorities at Canton, thereby preventing them from being enlarged out of proportion. Quick and effective redress of grievances by the Canton government on debatable cases, i.e. giving the benefit of the doubt to the complainant, and the meting out of punishments strictly according to the seriousness of the offences, all paved the way for a cordial relationship between the Canton government and the Canton consulate. Thus, throughout this period, though complaints were loud and often, and despite the support the Colonial government gave to its merchants, relationship between the Chinese and British authorities at Canton and Peking (concerning these matters which were always relayed to the capital) were indeed amicable.

However, the fact that Robertson appeared to side with the Canton government brought serious issues between himself and the Hong Kong government. Complaints about his actions and policies were many and serious. Robertson came to be regarded more as a thorn in the side of Hong Kong than of China, and the desire for his removal from the Canton consulate was more than hinted at by the Colonial government.

The Blockade Commission of 1873-74

Apart from petitions concerning 'illegal' seizures made to the Hong Kong government, the mercantile community as a body also made efforts to convince the British

government that remedies should be sought for.

This began with the formation of a special commission by Governor Kennedy to investigate the complaints made of 'the action of the Chinese Maritime Customs in the neighbourhood of the Colony of Hong Kong and the detriment of Trade arising out of alleged abuses of such action' on 15 December 1873. P. Ryrie, member of the Legislative Council, H.G. Thomsett, Harbour Master, and M.S. Tonnochy, acting Registrar-General, were appointed as members of the commission⁷⁸.

After detailed investigation of the complaints, after consulting government documents and interviewing Chinese witnesses, the commission presented its report on 28 April 1874. The following points were stressed:

- 1) Chinese witnesses, though acknowledging the existence of the blockade, the injustices they suffered and the influence it had on the junk trade, were unwilling to testify because of the fear of the Canton authorities. On the other hand, those who^{se} trade involved places other than the Canton area, were very willing to give testimony.
- 2) Whenever complaints were forwarded to the Canton consulate asking for redress, they were never satisfactorily dealt with.
- 3) Hong Kong was a free-port, and therefore, no goods exported from it could be regarded as contraband, and the question of smuggling did not arise until goods endeavour to enter a Chinese port or to be landed on Chinese territory, without paying duty. Therefore a customs cordon around Hong Kong to levy dues on junks leaving the Colony for places outside the jurisdiction of the Canton authorities was unjustifiable. There were many cases in which junks destined for, say Hainan or Fukien which were outside the jurisdiction of the Canton authorities, had been taxed by the Canton customs; and upon arrival at their destinations, they had to pay the duties again to the customs there. The same applied to junks arriving from areas outside the jurisdiction of the Canton customs. The 'Kum Hop-sing' case was given as the example⁷⁹.

The commission asked the following important question:

'What right has the Hoppo of the Canton District to levy export duties on goods which have come from parts of China not in his jurisdiction, and which are allowed by the Hoppo of those places to leave for Hong Kong free of export duty?'

4) The authority of the Hoppo was also questioned, because the commission believed that he was a tax farmer, in the sense that he paid a certain sum for the privileges of collecting import and export duties on goods conveyed by native junks. In the pursuit of such collections, he disregarded completely the treaty or international rights of Hong Kong.

5) The employment of Europeans to staff the revenue cruisers was illegal, because according to treaty, no British subject could be legally employed by an individual Chinese, and especially for the purpose of helping in the collection of revenue. This matter should be immediately brought to the attention of the Home government. Moreover, native traders of Hong Kong complained bitterly of these Europeans, and 'a feeling of bitterness is engendered in the minds of the trading class against foreigners, which it is politic to avoid.'

6) There was also evidence of the establishment of Chinese customs agencies in Hong Kong, which collected duties for the Hoppo. This was totally illegal.

7) The commission also noted the detrimental effects of the blockade. It cited instances in which junks had not been able to go to Hainan for three months; other owners had claimed that no imports and exports had gone to and come from the small ports along the south China coast for the past months.

8) As to the steps that should be taken to obtain redress, the commission recommended that, 'Her Majesty's Government should endeavour, by diplomatic action, to prevail on the Government of China to remove altogether the Customs Stations and cruizers from the neighbourhood of this Island, and

to arrange that duties be collected only at those ports or places at which there exists an export and import trade. Junks going to, or coming from, distant ports, such as Formosa, and clearly shown by their papers to be bound from or to Hong Kong, should not be interfered with, or molested at sea....Should the Chinese Government refuse to remove the stations and cruisers altogether, it might be urged upon them to remove them to a greater distance than they are at present, say, not nearer, in any case, than ten miles from any of the entrances to the harbor... if amelioration of the present state of affairs could not be obtained by diplomacy, but failing that, they would suggest to His Excellency the Governor, that as the Chinese urge their right to protect their revenue in the manner they are pursuing, it is equally right of this Government to protect its trade;...in the furtherance of this, armed steam launches stationed at the outlets of the Harbor might conveniently be employed, to see that leaving and incoming junks are not molested.'⁸⁰

Governor Kennedy, on receiving this report, and on comparing it with a point by point reply made by Robertson which proved the falsities of the allegations made by the commission⁸¹, decided that this report could not be made public or furnished to the Hong Kong Chamber of Commerce before instructions were received from the Colonial Office. He advised the Chamber of Commerce, however, that he was prepared to forward any petition to the Home government, if they so desired.⁸²

This prompted a petition to Queen Victoria signed by eighteen of the principle hongts (Chinese business houses) of Hong Kong on 1 August 1874. The petition relied on Elliott's proclamation of 1841 which invited Chinese merchants to resort to the Colony for the purposes of trade and commerce by affording them 'full protection from interference on the part of the Chinese Authorities.' It also pointed out that during the past five years, i.e. from 1868 to 1874, 'actuated...by avarice and jealousy, and

presuming on the peaceful and forbearing policy of late years adopted by your Majesty's Government towards the Chinese authorities, have entered upon a course of open hostility to the trade of the Colony, by causing trading junks proceeding to Hong Kong to be overhauled and seized by Chinese war vessels; ostensibly for the purpose of collecting or protecting the Imperial revenue; but really, as your Petitioners know, to injure the trade of the port and enrich themselves with the plunder so acquired.' It was alleged that between 1872 and 1874, there were more than three hundred illegal seizures, all committed in Hong Kong waters and made upon groundless charges. The facts of the 'Kum Hop-sing' case were reiterated in detail showing the illegality of the seizure. Owing to the harassment of the blockade, the junk trade in Hong Kong had suffered greatly because many merchants had deferred from consigning their vessels and cargoes to Hong Kong owing to their liability to be seized and confiscated. Therefore, the petitioners hoped that the Queen would direct the Governor of Hong Kong to take more effective measures to remedy such grievances⁸³.

In forwarding this petition to the Colonial Office, Kennedy observed that since Hong Kong, being a free-port, was in such close juxtaposition with Chinese territory, complaints were bound to occur. He believed that the petitioners might have grounds for complaint but also pointed to their refusal to allow the 'Kum Hop-sing' case re-opened⁸⁴. He also enclosed a letter from Messrs. Caldwell and Brereton, solicitors to the owner of the 'Kum Hop-sing', in which they stated that this junk 'was only one of numerous other junks which have been in the like manner wrongfully seized in British waters during the past few years,' and that, 'we do not believe we shall ever have sufficient protection for Chinese Vessels, frequenting this Port until the Governor is armed with sufficient powers to put an effectual stop to such outrages in future; this we know to be the opinion of the Chinese Merchants of

the Colony who ought to understand such matters.'⁸⁵

Robertson, while transmitting the petition to Wade, also commented that this course of action was taken because it would bring forward the whole question of Chinese government's interference with the freedom of the junk trade with Hong Kong, which meant freedom of smuggling. He also observed that the integrity of the petition was doubtful since 'the better and more solid class of Chinese Traders resident in the Colony have refused to sign or have anything to do with it.'⁸⁶

That this petition should be followed almost immediately by another, which resulted from a public meeting, points to the fact that it was a 'conspiracy' to bring the attention of the Home government to their grievances and to afford them remedies when they failed to obtain them through their governor. Moreover, this petition might well have been written under the urging and direction of the Hong Kong General Chamber of Commerce.

A public meeting in Hong Kong, chaired by a prominent merchant, H. Lowcock, condemned the existence of the blockade, which had led to a great diminution of the junk trade and the consequent withdrawal of general businesses from the Colony. It also condemned the illegality of the blockade and the seizures as contravening not only Elliott's proclamation of 1841 but also that of the spirit of the Treaties of 1858 and 1860. Moreover, it complained of the complicity of the British government in allowing the existence of the blockade and expressed support for the petition drawn up by the 'Chinese Merchants'. The meeting asked that a memorial should be drawn based on the decisions arrived at and to request the Governor to forward it to the Home government⁸⁷.

Upon the receipt of the petition and the memorial, the Colonial Office reviewed them and expressed the opinion that although seizures, if made in Chinese waters, were legitimate, something should be done to alleviate the grievances issuing from Hong Kong. In a communiqué to the

Foreign Office, the Colonial Office expressed the hope that the Chinese government should be urged to adopt measures to prevent the levying of unauthorized duties, and to render the collection of their customs revenue in the immediate vicinity of Hong Kong as little vexatious as possible to the Colonial government and to the great number of junks frequenting its waters for the purposes of lawful trade⁸⁸.

In a directive to Kennedy and his government, the Colonial Office expressed itself as follows: 'The right of Chinese Government to search its national vessels on the high seas or within its own territorial waters, cannot be disputed.' This could be compared to the Spanish revenue cruisers blockading Gibraltar for the seizure of smugglers. Therefore, 'the exercise by the Chinese Government of the right of search complained of, in close proximity to Hong Kong, for the purpose of defeating attempts on the part of Chinese subjects to defraud the revenue of their country, does not affect the freedom of the port [Hong Kong], and affords no valid grounds for diplomatic remonstrance.' However, in order to reduce harassment and grievances to a minimum, the Minister at Peking had been directed to ask the Chinese government to instruct the Canton authorities to be as little vexatious as possible in the collection of revenue. In a statement which had never before been expressed, the Colonial Office refused to support the claims made by the mercantile and public bodies in Hong Kong. The Colonial Office went as far as to say that, considering the juxtaposition of Hong Kong to the mainland of China, the establishment of a Chinese consul in the Colony, though rejected before, would be the best solution⁸⁹.

Attempted solutions to the blockade

Incessant complaints had called upon the urgency of reaching a solution with the Chinese government, and many attempts were made, as well many possibilities suggested.

As early as December 1868, while treaty revision

negotiations were taking place, Wade had written a long memorandum concerning Hong Kong. In it he admitted the existence of smuggling opportunities to and from Hong Kong and the utilization of these by many persons. He commented that when China gave Hong Kong to Britain, in the Supplementary Treaty of the Bogue, in Rule XV, Pottinger had agreed that the Canton consul would henceforth stand security for foreign merchants in place of the abolished co-hong. Though this only meant that the consul would hold the ships' papers, Chinese authorities as late as 1867 were under the belief that the consul should be exactly like the co-hong in regard to the latter's previous duties and obligations to the Chinese government. Wade acknowledged that this was a pardonable misunderstanding and it was up to the British government to afford China ample protection against attempts to defraud the Imperial revenue. Thinking along these lines, he suggested three possible alternatives: 1) the establishment of an office of surveillance on the lines advocated by Pottinger; 2) the establishment of an office of the Foreign Inspectorate in Hong Kong; and 3) the re-annexation of Hong Kong by the Imperial government. Wade supported the last alternative stressing that this would mean relinquishing nothing but a territorial sovereignty which was, in fact, more of a burden than a blessing. Moreover, surrendering Hong Kong, at that moment, would have important political benefits⁹⁰. However, this was not acted upon since the Alcock Convention had already introduced the idea of a Chinese consul, and the non-ratification meant an end to any other alternatives that had been suggested during that period.

Then in 1871, the Tsungli-yamen suggested that the best solution would be to collect duties on opium either in Hong Kong or in India. However, since this was considered totally infeasible, the idea was dropped⁹¹.

This, however, prompted Wade to suggest another alternative. In response to a suggestion made by T. Dick, Commissioner of Customs at Shanghai, Wade suggested that

a branch of the Foreign Inspectorate could be established at Hong Kong which would sell certificates clearing junk traders at the customs stations. This would not only remove the blockade which was greatly hampering the development of the lucrative junk trade of the Colony, but would also afford a bargaining position in regard to concessions from China, such as allowing steamers to trade at any place along the coast and up rivers⁹².

This was well received by both the Foreign and Colonial Offices; and even in Hong Kong, the Registrar-General also approved of the scheme. However, Whitfield, Administrator in the absence of the governor, considered that the blockade had not affected Hong Kong, that no complaints had been received and it was therefore unnecessary to grant such favours to the Chinese government⁹³. MacDonnell, then in London, vehemently objected to the proposal. Basing his arguments from a letter from David Sassoon and Co.⁹⁴, which dealt with over half of the opium trade, he contended that it was beyond the powers of the Chinese government to seriously affect the trade of Hong Kong. Moreover, the the British and Colonial governments were under no obligation to help the Chinese government in the collection of their revenue, when they were incapable of doing it themselves. The degree of smuggling, especially in opium, had been greatly exaggerated. Thus, by agreeing to Wade's proposal, MacDonnell concluded, it would mean the exercise of strict surveillance over Hong Kong by the Chinese customs and all the trade would be simply transferred to Singapore or Saigon where there^{were} no Chinese revenue stations and cruisers⁹⁵. When the Colonial Office received these objections, it altered its previous decision and the proposal was rejected⁹⁶.

From then until mid-1874, neither side took any initiative in making proposals. However, when the report from the Commission appointed by Kennedy was circulated within the British government's departments, a new series of proposals came.

In June 1874, in order to prevent increasing fraud over the securing of the 'Grand Chop', Consul Robertson, after several consultations with the Governor-General and the Hoppo, obtained the establishment of two conveniently located customs stations - one at Changchow and the other at Fat-tow chow. This would supercede the regulation that compelled all junks to proceed to Canton first to obtain the 'Grand Chop' and then proceed to Hong Kong. With these two stations, at which the 'Grand Chop' could be obtained, it was hoped that this would reduce the number of honest traders that would be seized. It would also greatly reduce the number of complaints concerning 'illegal' seizures, since the seized junk would have to show why they had not cleared themselves at these new stations en-route and obtained the 'Grand Chop'⁹⁷.

In the following month, Wade once more reiterated his suggestion made three years ago - the establishment of an office of the Foreign Inspectorate in Hong Kong. By yielding on this point, he contended that the prosperity of the junk trade would be assured and the cordon of revenue stations and cruisers would be definitely decreased if not entirely removed. Robertson was instructed to present this proposal to Governor Kennedy, who agreed that this would be the best solution to the existing complaints. However, the final outcome, he mentioned, had to wait until the Legislative Council had debated and the Home government had expressed its opinion⁹⁸.

In August 1874, to prevent further smuggling and to regulate actions taken against or for complainants, Robertson obtained the approval of the Governor-General to set up a 'Governor-General's Commission' to look into complaints. The Hoppo would no longer be involved and an honest verdict would be ensured. However, if the petitioner refused to appear in person to be examined, this would be considered as an admission of guilt⁹⁹.

In the same month, Governor Kennedy also offered some suggestions which would lessen and regulate the complaints

and would eventually pave the way for the establishment of an office of the Foreign Inspectorate in Hong Kong. These were three in number: 'First: The suppression of all Revenue Cruisers except those under the immediate authority of the Hoppo who is an officer holding his appointment direct from the Emperor. Second: A clear understanding of the Tariff and publication of the Chinese Customs Regulations, together with the ports and stations at which duties are leviable and payable. Third: The appointment of a joint Board to sit at Hong Kong or Chinese Kowloong, to investigate cases of alleged illegal seizure, with publication of the decision in each case.' Even Lord Clarendon, head of the Colonial Office, believed that these measures would relieve much of the tension and could lead to the proposed establishment of an office of the Foreign Inspectorate in Hong Kong¹⁰⁰.

Conditions remained tranquil, and in March 1875, Robertson was able to obtain from the Governor-General the installation of an officer of the Foreign Inspectorate to supervise the revenue steam-cruisers. Such an arrangement ensured that no illegalities were committed and Robertson remarked that since this establishment no complaint had been forthcoming¹⁰¹.

However, the passage of time saw no decisions taken to solve the blockade issue and, in October 1875, Robertson suggested to the Foreign Office that the grievances arising out of the blockade could only be permanently solved by a total reform of the Imperial fiscal system. However, for the immediate grievances and a partial remedy, an English officer from the Canton office of the Foreign Inspectorate could be appointed as Chinese consul to Hong Kong. The Hong Kong government then could discuss with him cases of seizure, injustices, etc.. Moreover, licences under the seal of Hong Kong and the Hoppo could be issued as bona-fides or as 'identification'. The Governor-General was also in agreement¹⁰². However, similar to other proposals, this was not acted upon¹⁰³.

Robertson, using what influence and power of persuasion he had over the Governor-General, managed in May 1876, to obtain a proclamation which he considered as only a start, but one that could lead to further changes which would remove or lessen the evils complained of. The proclamation read in part as follows: 'Wherefore it is notified to all Customs employees, merchants, shippers and owners and captains of passage junks that hereafter when passage boats are examined and found to contain smuggled goods, if the passage boat captains and other passengers and shippers have no guilty knowledge of the affair, only the goods shipped in the name of the guilty parties are to be confiscated, and only the guilty parties arrested and punished; the goods, belonging to the passage boat and other shippers are not to be muddled with.'¹⁰⁴

At this time, negotiations for the Margary affair were well underway, and the blockade question was taken over by Wade in Peking.

Summary

During these years we see the emergence of two notable factors. Firstly, it was the first time that the Governor of Hong Kong, in the person of Kennedy, was in agreement not only with the Canton consul but the Peking minister, and expressed doubt, if not disbelief, at the attitude, reasons given, and complaints from the mercantile bodies. The Home government was still very much in the background and did not offer any proposal apart from assessing the ones proposed. Such a change, of course, must be attributed to the unbiased thinking of Kennedy, whereas his predecessor, MacDonnell, had always blindly sided with the merchants and accepted piecemeal everything they said.

The mixed court set up by Robertson, the Governor-General and the Hoppo had created a set of precedents which, in fact, were incorporated into the changes that were effected in the blockade system in 1874 and 1875. Thus, though no overall plan was adopted, the complaints concerning illegal

seizures and the like, had greatly diminished. This points to the fact that those seized were smugglers and not innocent merchants. A modus vivendi had been worked out, while the final solution lay with the governments and not with the local people.

Another point of minor importance that should also be noted was the confusion over the status of the Hoppo, the foreign staff of the cruisers, the amount of dues that should be levied, etc.. However, though the mercantile community in Hong Kong still stuck to their original arguments, the Hong Kong government, and by extension, the Home government, were much more aware of the true nature of things, thanks to the detailed explanations by Robertson¹⁰⁵, and were able to adopt a correct and just attitude - instead of the partial and very biased ones adopted by MacDonnell.

It is, therefore, due to the efforts and contribution of Robertson, the understanding of Kennedy, as well as Wade and the various departments of the Home government, that the modus vivendi could operate, and that the issues could be judged and accepted in their proper perspective.

Though the blockade only affected Hong Kong and could be considered as comparatively insignificant in the context of the entire China trade and Sino-British diplomatic intercourse, the attempted solutions, as well as the way in which some of these solutions were reached, showed clearly a policy of co-operation and understanding, if not conciliation - which reflected the atmosphere in the larger arena.

CHAPTER 5: THE CHEFOO CONVENTION.

On 21 February 1875, Augustus Margary was murdered in Yunnan province. He was leading a British trade mission from British Burma that was to find out the feasibility of an overland trade route through central China. Thomas Wade, British minister at Peking, heard of Margary's death on 11 March, and he immediately seized this as the pretext to obtain concessions from China. On 19 March, he presented a list of demands to the Tsungli-yamen. Of the six demands, three were connected with Margary's death: a commission to investigate the death of Margary, the Indian government to be allowed to send another expedition through central China, and an indemnity of 150,000 taels; the other three were totally 'irrelevant' to the incident: the granting of audiences to foreign representatives by the Emperor, arrangements to give effect to treaty stipulations regarding transit dues, and the settlement of all outstanding claims arising from Chinese official actions in the past¹.

Though irrelevant to the outstanding issue, the demands represented an attempt by Wade to try and obtain satisfaction on questions that had been left unsolved after the treaties of 1858-60. The non-ratification of the Chefoo Convention meant that conditions of Sino-British relations, whether diplomatic or commercial, stayed the way they were; and between 1871 and 1872, in concert with representatives from the other Treaty powers, Wade had been singularly unsuccessful in coming to any agreement with the Chinese government on the problems of transit dues and some other related issues². We have seen, in relation to the Opium Question, attempts made to settle the taxation of foreign opium, the blockade of Hong Kong, and the growth of native opium had all resulted in nothing. Thus, similar to the Arrow affair of 1857, the death of Margary was eagerly seized upon as an excuse to remedy the political and commercial relations with China.

Demands and Negotiations

The initial demands made by Wade were general in nature, but these were expanded to include items of minute detail. Negotiations were conducted first with the Tsungli-yamen, but from September 1875, Li Hung-chang, Governor-General of Chihli, Grand Secretary and Chief Superintendent of Trade for the Northern Ports, was commissioned to negotiate with Wade³.

From this date until the signing of the agreement at Chefoo on 19 September 1876⁴, Wade conducted his side of the negotiations in a very harsh manner and continuously threatened Li with the breaking-off of diplomatic relations. Bargaining was reduced to the minimum. In the end, with such diplomatic coercion, Wade was able to obtain for Britain and her merchants what he thought was the most he could get from China. However, knowing full well that co-operation from the Chinese government was needed to put treaty stipulations into effect, and still very much aware of the fact that Britain or any other foreign power had nothing to offer China in return for further trade concessions, Wade was not insistent on some of his demands, and even conceded to a few of China's requests, such as the new regulations for the taxation of opium.

The influence of Robert Hart, Inspector General of the Foreign Inspectorate, as the go-between should not be under-estimated. Though it is not too clear how much influence he did exercise on the outcome of the negotiations, the memorandum that he was asked to draw up by the Tsungli-yamen in early October 1875 was very much taken into account by Wade, the Tsungli-yamen and by Li Hung-chang. The Chefoo Convention - the commercial articles - followed rather faithfully the suggestions he had made.

In the Tsungli-yamen's instructions to Hart, it wanted his proposals to have no injurious effect on China and be worked out effectively at the custom-houses and tax barriers. Hart, in reply, pointed out that dates for

treaty revision with other Treaty powers would soon be arriving, and it would be best to 'deal with the subject as affecting, and affected by, all.' Guiding principles would be the establishment of a new set of regulations that would, on the one hand, remove whatever was injurious to the rightful interests of foreign trade, and on the other, suppress such abuses as affect Chinese trade and revenue unfairly.

In very precise terms, Hart spelt out what the foreigners wanted from China, and what the Chinese reaction would be: 'the end now sought for is freedom for every kind of trading or industrial operation, and with that freedom is claimed ample protection for all concomitant rights. Resolve this generalization into its components, and it means that the foreigner wants unrestricted access to whatever place interest suggests - taxation according to a fair, fixed and uniform tariff - improved means of locomotion and transit - right to use all appliances suited for the development of local resources and new industries - and foreign, as distinguished from Chinese, treatment for person and property. On the Chinese side the object hitherto, and still, kept in view has been, and is, self preservation: change is not welcome - change is always suspected and subjected to counteracting influences on every side - change is only recognised as a native growth when it takes root and spreads imperceptibly and healthily among the people of a locality - change is rarely accepted on foreign suggestion except when imposed by foreign force.' Thus, one's aim was progressive and the other conservative.

With regard to opium, the foreigner complained that his business was harassed and interfered with the surveillance exercised and arrests made at his very door by likin officers; while China contended that it was necessary since the native smugglers had the sympathy and aid of the foreigner, and also complained that the foreigner carried opium inland for Chinese to prevent the collection of likin. Complaints from both parties were due mostly to two systems

of taxation: the foreign and the native tariffs. Hart then gave his proposal for what he considered was the best solution to the taxation of foreign opium. 'That, on the one hand, the Treaty Powers shall consent that Opium shall pay an Import duty of One hundred and twenty taels per picul to the Maritime Customs on arrival at a treaty port, and that away from the port, i.e., at a distance of Thirty li [slightly over 10½ miles] from the Custom House, it shall be regarded as a Chinese commodity, and be subject to local, territorial and special taxation, whenever, wherever, and with whomsoever found; and that, on the other, China shall consent that no other charge shall be levied at the port.'⁵

In a supplementary despatch to the Tsungli-yamen of 8 February 1876, Hart gave statistics on the increase in revenue his proposal would give China. For the year 1874, the Foreign Inspectorate collected, in round figures, a total of 11,500,000 taels including opium import duty of 2,100,000 taels. If his proposals for increasing the Tariff duty on some staple imports and exports were realized, taking the same year, the revenue, excluding opium, should reach 10,620,000 taels. Opium revenue, calculated on 70,000 piculs with the proposed import duty of 120 taels per picul, would reach 8,400,000 taels. The total would be nearly 20 million taels. The Board of Revenue had reported that the total inland likin collected amounted to about 10 million taels, which when added to the 11½ million taels of import and export duties actually collected by the Foreign Inspectorate, would result in about 22 million taels. Hart deducted that the Foreign Inspectorate, within a few years, would be able to collect this sum at the Treaty ports alone.⁶ This argument, of course, greatly reinforced his proposals to the Tsungli-yamen.

The Chefoo Convention was divided into three 'Sections', and of concern to us is Section III, articles 3, 6 and 7:

'Importation of Opium. Li-kin Duty.

3. On Opium, Sir Thomas Wade will move his Government to

sanction an arrangement different from that affecting other imports. British merchants, when Opium is brought into port, will be obliged to have it taken cognizance of by the Customs, and deposited in bond, either in a warehouse or a receiving hulk, until such time as there is a sale for it. The importer will then pay the Tariff duty upon it, and the purchasers the li-kin, in order to the prevention of the evasion of the duty. The amount of li-kin to be collected will be decided by the different Provincial Governments, according to the circumstances of each.⁷

'Import and Li-kin Duties.

6.The date for giving the effect to the stipulations affecting exemption of imports from li-kin taxation within the foreign settlements, and the collection of li-kin upon Opium by the Customs Inspectorate at the same time as the Tariff duty upon it, will be fixed as soon as the British Government has arrived at an understanding on the subject with other foreign Governments.

'Interference of Canton Customs Revenue Cruizers with Junk Trade of Hong Kong.

7. The Governor of Hong Kong having long complained of the interference of the Canton Customs Revenue cruizers with the junk trade of that Colony, the Chinese Government agrees to the appointment of a Commission, to consist of a British Consul, an officer of the Government of Hong Kong, and a Chinese official of equal rank, in order to the establishment of some system that shall enable the Chinese Government to protect its revenue without prejudice to the interests of the Colony.⁸

It was hoped that this new set of commercial regulations would bring about improved relations and reduce to the minimum complaints from both British and Chinese merchants. It is to be noted also that China was to carry out her part of the stipulations within six months of the date of signature and without waiting for a formal ratification. This was embodied in article 6 of section iii.

In agreeing to these clauses, China, of course, had

little choice, but she was also satisfied. Hart, in his two memorandums, had brought out the issues at stake and the points of contention. Li Hung-chang and the Tsungli-yamen had accepted his proposals in principle and were happy to see that most of these were contained in the agreement. Li, after signing the agreement, commented that if opium duties were to be levied in such a way, it would definitely avoid smuggling and the revenue of China would increase. He also pointed out that settlement of the blockade issue would likewise be beneficial to China⁹. The Tsungli-yamen, for its part, was not slow in attempting to put the new opium regulations into operation. In a note addressed to the foreign representatives on 28 September 1876, it informed them of such an arrangement¹⁰.

Wade, for his part, explained his thinking and motivation¹¹. With regard to opium, he reasoned that when Elgin negotiated the Treaty of 1858, he had opposed the expansion of the opium trade and definitely did not include opium in his 'port-area' exemption from Chinese dues for other imports. Thus, complaints from merchants had been groundless. As early as 1846-49, he had conducted a survey into the growth of native opium and concluded that ten out of eighteen provinces were producing the drug. Recent consular reports had shown that native opium growth was greatly on the increase and he concluded that 'it is from this direction that the Government of India should look for danger.'. Thus, introduction of the opium clause of the Chefoo Convention was the best temporary solution to the problem. Collection of dues by the native customs and provincial governments were irksome and inconvenient, and had led to many conflicts. However, by placing the collection in the hands of the Foreign Inspectorate, a lot of these conflicts would be avoided. Wade contended that the revenue of the Indian government would not suffer, though the profit of the importer might, to a certain extent, since he could no longer sell the opium to the native buyer without first having to pay the likin. Wade further argued

that by allowing the provincial governments to ascertain the amount of likin that should be collected in each and every Treaty port, they would only impose whatever likin they believed the local market would endure before attempting smuggling. Thus, there would be no basic changes in likin rates except that the method of collection would be standardized and conflicts lessened.

With regard to Hong Kong, Wade contended that though the blockade was irksome and 'worrying' to the junk trade, it was perfectly legal. When Hong Kong was acquired in 1842, articles XIII, XIV and XVI of the Supplementary Treaty of 1843 ensured the protection of Chinese revenue. However, since these were abrogated by article I of the Treaty of Tientsin and no substitute clauses were introduced, it also became the duty of the British government to find a means to solving the problem, 'a change of proceeding' that would be acceptable both to the Hong Kong and Chinese governments. Wade admitted that the three customs stations and the revenue cruisers, because some were manned exclusively by Chinese, could have demanded dues in excess of what was just. Thus, with a view to alleviating the situation, he had introduced the commission idea. He also hoped that 'the Chinese Government should consent to extinguish the three Custom-houses that now keep watch around Hong Kong, and to substitute for these a branch of the Canton Inspectorate, to be located at some spot conveniently near the Colony; to agree that at this branch office there should be levied the Tariff duty on imports proceeding in Chinese bottoms to a Treaty port, and the Tariff duty and half Tariff duty on imports proceeding to any point on the coast, or up rivers, not open by Treaty. On Opium, which article cannot by Treaty be franked and certified like other imports, the same office should be authorized, when levying the import duty, to levy the likin that would be levied were it sold at Canton. Every junk arriving at Hong Kong or leaving the harbour should be obliged to call at the office of the branch Inspectorate to receive

a clearance, and the Colony should engage so to assist in giving effect to this part of the arrangement, that disputes about limits of jurisdiction might be avoided.'

In an earlier memorandum dated 28 February 1877, Wade also expressed himself fully on the blockade question. He insisted that when Hong Kong was ceded to Britain, the latter had accepted a moral obligation to assist the Chinese government in securing itself against the loss of revenue through clandestine trade. Though the establishment of the blockade did distress the junk trade, the Canton government 'had an undoubted right to see that Chinese junks carrying Chinese produce into Hong Kong have duly cleared from the Chinese port of export, and a right equally good to see that imports, leaving Hong Kong, pay what is due to the Chinese Government as import duty.'¹² To this proposal, both Li Hung-chang and Hart did not object.

In May 1879, Wade reiterated his contention that 'the sole object of the proposed simultaneous collection of likin and tariff duty, is the prevention of smuggling; the security, that is to say, of the revenue to which the Government is entitled when the drug passes out of foreign hands.' He also argued that collection of the joint duties by the Foreign Inspectorate would not diminish in any degree the sale of Indian opium in China since Indian opium was a requirement of the Chinese people and the revenue derivable from it was sorely needed by the Chinese government¹³.

British government reactions (to the opium clause)

The day before the signing of the Convention, Wade telegraphed to the Foreign Office outlining the text. He also brought notice to his superior that 'opium will be hardly if at all more heavily taxed than at present; but smuggling will be stopped.'¹⁴

This telegram was received by the Foreign Office on the same day, and after much discussion, the following telegram was sent to Wade: 'the arrangement concluded with Li appears to be a satisfactory one but that Her Majesty's

Government cannot form an opinion on all the details of it without further explanation from him and that he should come home to furnish it.'¹⁵ This was because the Foreign Office believed that the India Office should be consulted before a final decision could be arrived at. Nonetheless, Wade went ahead and signed the Chefoo Convention.

On 17 October 1876, Wade reported from Peking that he had received a telegram from the Indian government asking for information concerning the opium clause¹⁶. He explained that under the new agreement, opium would not be taxed more than previously, and added that no dues could be levied on it in the 'port-area', i.e. the area occupied by the foreign settlements at the Treaty port. He also mentioned that with the opening of four consular ports and five ports of call along the Yangtze, opium could be shipped there as any other import and enjoy the benefit of more direct markets along the river¹⁷.

This short explanation was obviously considered as unsatisfactory and insufficient. The India Office commented that it did not quite know 'whether it is meant that this arrangement should supercede all treaty revision for a term of years. If so...the Foreign Office will do well to consult commercial bodies and traders individually as to effect of stipulations.' The India Office would express its opinion after Wade had returned to Britain and had explained his reasons and motivation in person¹⁸. The Indian government also appealed to Fraser, Britain's chargé d'Affaires, for explanation of the opium clause¹⁹, and then telegraphed the India Office to say that they had not, as yet, received any particular from Wade and therefore could not offer any opinion. The India Office was very surprised because it was thought that some information would have been received by the Indian government and a general expression of opinion stated²⁰. The time was early March 1877. However, the India Office had received an assurance from the Foreign Office at an earlier date that no action would be taken without first

consulting it²¹, and decided to wait for Wade's written explanations.

Wade's memorandum on the Chefoo Convention was finally completed on 14 July 1877, nine months after the agreement was signed. But after reading it, the India Office wanted this document to be treated as confidential and not to be laid before parliament. Lord Salisbury, head of the India Office, explained that the Indian government had to be consulted before the Home government could express an opinion²². In another communiqué, the India Office relayed the complaint from the Indian government that Wade had not afforded sufficient explanation concerning his negotiations over the opium clause²³. The Foreign Office complied and replied that in view of the 'inexpediency of presenting Wade's report to Parliament which might prejudice the Indian Government, this will not now be done....Only the first two sections of the Convention will be submitted.'²⁴

It was not until the end of 1877 that the Indian government received the text of Wade's memorandum. After studying it, the objection raised was still that the Chinese government would attempt to levy prohibitive likin on Indian opium - 'the Indian Government would raise no objection to the new arrangements save that the rate of local duty to be levied by the Customs Inspectorate with British sanction should be settled beforehand and restricted to about the rates now obtained by China.'²⁵ This opinion, in fact, was a repeat of its original objection after receipt of the text of the opium clause in late 1876.

In the subsequent months, the Indian government's views became clearer and more definite. Finally in late 1878, it expressed support for two proposals that had been submitted: 1) that an attempt should be made to obtain the removal of the prohibition at present in force against England or other foreign merchants accompanying or selling their opium in the interior of China; and 2) that the transit dues on opium should be defined, and

not left to the caprice of the Chinese authorities²⁶. This was the result of memorials submitted by both Sassoon and Co. and the Bombay Chamber of Commerce, which contended that, 'now that the cultivation of opium is extending so rapidly in China, an endeavour should be made to relieve the Indian drug of some of the disadvantages under which it labours at present. Opium should be placed in the same category with all other articles of import, and Government should insist on an alteration being made in the first Clause of the fifth rule attached to the Treaty of Tientsin. There can be no reason why English or other Foreign traders should be forbidden to accompany or to sell opium in the interior of China when provided with a proper passport, and it is certainly a disadvantage to opium merchants that the transit dues on this important article of trade is left to be fixed or enhanced at the caprice of the Chinese Government. The Indian Government should do its best to obtain the removal of the special restrictions by which opium is distinguished from every other article of commerce in China, in effecting this it would be benefitting itself and the merchants connected with the trade.'²⁷

Such objections were made partly for fear of the future of the opium trade; but they also reflect the apparent lack of concern on the part of the diplomatic corps in China, led by Wade, for the interests of the Indian government, since a lot of requests for information were completely disregarded²⁸. Thus, when Wade tried to explain his reasons personally to the Indian government in February 1879, on his way back to China from Britain, his explanation was not commented upon, but just noted and sent back to the India Office for 'information'²⁹.

When this despatch was transmitted to the Foreign Office, Lord Salisbury put in his own comments, observing that Wade's 'idea of securing to the Chinese the means of levying likin on opium, by putting it in bond on arrival, and yet allowing the Chinese to fix the amount of likin

at their discretion is simply putting one's head in the lion's mouth. It is plausible enough to say that the competition of smugglers will keep the amount of likin down - but I doubt it in practice - especially as this practical check on the Chinese Government will disappear if we stop (as is proposed) opium smuggling from Hong Kong.³⁰

In the meantime, having obtained opinions from other departments and mercantile communities, the Foreign Office sent a final communiqué to the India Office to ascertain whether the Indian government was still objecting to the two clauses in section III of the Chefoo Convention: the levy of likin on opium and the definition of the 'port-area' for other merchandise. It suggested that article six of section III concerning the date giving effect to stipulations of the agreement might be used as grounds for non-ratification³¹.

Finally, on 24 June 1878, the British government ratified the Chefoo Convention with the exception of the two provisions in section III, i.e. that of the levy of likin on opium in the custom-houses before delivery to the purchaser, and that of the definition of the 'port-area' within which likin might not be levied³². Wade, at the same time, was assigned the task of continuing negotiations with the Chinese government concerning these two points so settlements might be arrived at.

Mercantile reactions (to the opium clause)

Distinctly unlike the mercantile reaction to the Alcock Convention, which could be taken as one of total condemnation and disapproval, reaction to the Chefoo Convention was very much varied. Two themes tend to stand out: mercantile firms dealing with opium were very much against the agreement, while those interested in other imports and exports very much supported it³³.

Of the memorials submitted to the Foreign Office urging for non-ratification, those from David Sassoon and

Co. and the Shanghai General Chamber of Commerce, were most forceful and enlightening in the arguments they used to object to the opium clause. Sassoon and Co., basing their authority on the claim that they conducted two-thirds of the opium trade to China, contended that the Chinese government all along had been unable to control the likin levied by the provincial governments in that a portion of the amount collected was to be remitted to Peking and this had very seldom been done. With the introduction of the opium clause, the Imperial government would be assured of the total collection of likin. However, the provincial governments would not take to such a loss peacefully and would definitely continue to exact their own 'squeeze' when opium came into their domains. Thus, the likin might disappear, but they would introduce new ones at the barriers outside the treaty ports. Further arguing that opium imports had been static in the past years, the introduction of such a system would not make the Chinese cultivate less opium, but would, through heavier taxation, crush the trade in Indian opium. Such would be the consequence not only for the opium merchants, but would equally affect seriously the financial prospects of the Indian empire³⁴.

The Shanghai General Chamber of Commerce pointed out that though the Chinese government in theory could impose whatever amount of levy on opium they wished, the higher the levies, the greater premium upon evasion. If the opium clause was introduced, though it would enable the Chinese government to prevent evasion, it would, in effect, mean placing a very measure of control over the Indian revenue in the hands of the Chinese. This would eventually lead to the extinction of the Indian trade in opium. The chamber asked the Home government whether it wanted to promote such a result³⁵.

Of the chambers of commerce which supported and asked for immediate ratification, there were those from Liverpool,

Manchester and Glasgow - these could be regarded as the most influential mercantile bodies in Britain³⁶. However, Halifax came out in support of non-ratification arguing that more concessions should be obtained from China and more specific arrangements made so that China could have no loop-holes to take advantage of, especially with regard to opium³⁷.

A new force in Britain

The Chefoo Convention brought about the rise of a new force in Britain. This was the Anglo-Oriental Society for the Suppression of the Opium Trade (or Anti-opium Society, in short) founded in 1874 and financially supported by Edward Pease, a Yorkshire quaker. It became a centre for other societies, such as missionary organizations, to rally for the end of the opium trade both in India and China. The Chefoo Convention gave the society an opportunity to voice their ideas.

Soon after the terms of the agreement were made known, on 24 November 1876, the society memorialized to the Foreign Office saying that something should be done to the charge that through military superiority the British government was upholding a trade that was seriously injurious to the welfare of China and in violation of the plainest dictates of justice and humanity. It believed that the opium clause was a step in the right direction and the agreement should be ratified³⁸.

The Church Missionary Society, though making no reference to the Chefoo agreement, urged the Home government to rescind the right of import of opium into China in the treaty of 1858, pleading that it was only for the benefit of the Indian government, but extremely detrimental to an improvement in Anglo-Chinese relations, whether commercial or cultural³⁹.

Towards the end of 1877, the Anti-opium Society once again pleaded that the opium clause should be ratified. In November 1877, at a public meeting in London, a memorial was submitted by Lord Shaftesbury and 343 others,

the Archbishop of Canterbury, the Mayor of London, the Dean of Westminster, members of parliament, doctors, professors etc.. This memorial stated that non-ratification of the Alcock Convention was already regrettable. The opium clause in the Chefoo Convention must be ratified, despite objection from the Indian government, since the Chinese had already carried out their part of the stipulations of the agreement, and refusal on the part of Britain would be 'bad faith' and the end to any 'equitable compromise' (using Wade's words), since Britain had already imposed two treaties on China⁴⁰.

For the moment, apart from acknowledging receipt of such memorials, the Foreign Office was not moved by the pleas and reasoning. At a later period, however, with increasing support from members of parliament and powerful public figures, the influence of the society increased and its voice was heeded much more.

British government reactions (to the blockade)

The appointment of a commission to work out a solution to the blockade issue saw little opposition from anywhere. On 29 November 1876, Wade wrote to Governor Kennedy informing him that Hong Kong's interests had not been neglected in his negotiations with China, and proposed that Robertson be appointed as the consular representative since he had always had Hong Kong's interests at heart. Wade would also write to Liu K'un-i, Governor-General of Liang-kwang, asking him to appoint a Chinese counterpart⁴¹. In his report to the Foreign Office on the subject, Wade explained his reasons and suggested that with the consent of the Hong Kong government, a branch of the Foreign Inspectorate should be established in a hulk in the harbour or a station upon the shore of China to the north of Hong Kong⁴².

The Hong Kong General Chamber of Commerce, at its annual meeting on 12 February 1877, welcomed the idea of a commission, but wanted it to be understood that it would

only be a 'Committee to arbitrate and decide between two disputants, ourselves as merchants of this Colony on the one hand, and the Chinese Customs on the other.' The appointment of Robertson to the commission was vehemently objected to because he had been an 'apologist' for China with definite prejudices against Hong Kong⁴³.

Despite these objections, both Robertson and Kennedy had prepared memoranda in January as a basis for settlement of the blockade issue. Robertson's proposal was that a new customs station should be established on Chinese Kowloon under the supervision of a foreigner who would be responsible to the Canton native customs. Junks carrying cargoes to and from Hong Kong had to call at this new station with their manifests and pay the necessary dues and duties and be issued with clearance papers and customs receipts. A tariff of the levies, together with punishments for breach of customs regulations, would be published for general information. The three stations around Hong Kong - at Capsuimoon, Fat-tow chow and Cheungchow (known as 'Throat Gate stations' in Hong Kong) - would become examination stations to determine whether cargoes corresponded with manifests. All revenue vessels, flying a special flag, would be under the jurisdiction of the new customs station at Kowloon. In cases of complaints resulting from seizures, the Hong Kong government would have the right to appoint one of its officials to the Kowloon station to investigate the complaints jointly with the customs officials there. Kennedy's proposal was almost identical to Robertson's except that the three Throat Gate stations were to collect the dues and duties instead of the proposed station at Kowloon, to which he rejected⁴⁴. Both these proposals were approved by the Colonial Office in substance as a possible solution to the blockade⁴⁵.

Then in August 1877, Robertson revised his proposal and framed a 'Draft of suggested Regulations for Chinese Junks trading with the Colony of Hong Kong' which omitted the Kowloon station altogether. Instead, as contained in

Kennedy's proposal, the three stations around Hong Kong would collect the dues and duties; but the difference lay in the co-operation required from Hong Kong. After payment of the levies at the stations, junks going to Hong Kong would be issued with clearance certificates which had to be surrendered to the Harbour Master of the Colony.

Failure to do so would result in the junks being forced to leave the harbour or Hong Kong waters which would leave them to be seized by Chinese revenue vessels. For junks leaving Hong Kong, they would be issued with certificates (the nature of which was to be fixed after consultations with the Colonial government) from the Harbour Master, which would be surrendered at the stations when they call there to pay the levies. Junks without them would be liable to seizure by the Chinese customs officials. A joint court to investigate complaints would be set up in Canton and an official from the Colonial government be given participation and representation. This proposal was agreeable to the new Governor, P. Hennessy, who believed that Hong Kong's co-operation, sought in the proposal, would be possible through the enforcement of Ordinance No. 6 of 1866⁴⁶.

Wade, commenting on this proposal, believed that a new customs station at Kowloon would still be the best idea. That Robertson had abandoned this earlier suggestion of his and that of a European supervisor there, was in all probability due to opposition from the Canton government, which had always been jealous and distrustful of the Foreign Inspectorate's involvement in their customs collections⁴⁷.

The Foreign Office, however, failed to see the relevance of the Ordinance (No. 6 of 1866) to Robertson's proposal but still expressed belief that a solution to the blockade issue was near, especially with the cessation of complaints from Hong Kong which, the Foreign Office thought, was due to the restraint of 'lawless measures' adopted by the Chinese customs officials previously⁴⁸.

In March 1878, further to his proposal, Robertson forwarded a code of regulations to the Foreign Office. He hoped that it would be approved by the forthcoming commission since it had already received the tacit approval of Hennessy, who had apologized that he was not in a position at that moment to give a formal answer. What this code of regulations embodied was the restriction of the duties of revenue cruisers and the prevention of abuses and harassments to the junk trade. The revenue cruisers would be stationed at fixed places and patrol fixed areas. They would be issued with individual (different) wooden seals so that after a junk had been examined and the seal stamped on its papers or manifest, it would not be searched or harassed by other revenue vessels. Arrests or seizures were to be made only when proof of smuggling had been ascertained and the officers on board the revenue cruisers were not allowed to take the responsibility of fines and punishments in their own hands, but had to report to the Canton customs authorities and follow their ensuing directives. In cases where only small quantities of undeclared goods were concealed in full cargoes or where passengers on board junks attempted to smuggle items of trifling value, the junks should not be detained but reports of such findings had to be submitted to the customs authorities for their decisions. Complaints would be met by a joint court at Canton and a tariff of dues and duties collected at the three stations around Hong Kong would be published by the customs authorities⁴⁹.

However, since the commission never met during this period, this proposed code of regulations was never made public. Nevertheless, from evidence of the cessation of complaints, it was more than possible that this code, or parts of it, were put into effect by the Canton customs authorities. Governor Hennessy, for his part, also enforced Ordinance No. 6 of 1866 in May 1877. Although objections were raised by the Registrar-General, who was also the

'Protector of Chinese', and the Harbour Master since they contended that enforcement of the Ordinance would endanger the junk trade. Yet, in January 1878, Hennessy reported that the legal junk trade had increased and illicit traffic in opium had been checked⁵⁰.

Despite attempts by both the Canton consul and the Hong Kong government to reach a solution to the blockade question, it never materialized. Neither did the commission meet. This was due to a number of factors. Robertson was transferred to the consulate at Shanghai by a notification from the Foreign Office in December 1877 and was told specifically not to involve himself further in the blockade issue⁵¹. His successors, first H.F. Hance and then A.R. Hewlett, were not of his 'calibre' in that they did not possess much initiative and were, in fact, more pro-Hong Kong than pro-China. Possibly, they were appointed because of such a 'affiliation' - which would greatly lessen the friction between the Canton consulate and the Colonial government.

In the Canton government, a new Hoppo had arrived in 1876. He was not as eager and avaricious as his predecessor and there was consequently an improvement in relations between his office and the Colonial government. The new Governor-General, Liu K'un-i, was most unwilling to allow any interference in the collection of dues by the Foreign Inspectorate, and hence had little incentive to see a meeting of the commission⁵². In actual fact, he never appointed a Chinese official representative to the commission.

On the part of the Hong Kong government, Hennessy reported that 'distresses' of the junk trade had greatly decreased and that the Harbour Master had been able to report in March 1878 that, 'grievances which at one time were continually cropping up have in a great measure if not entirely ceased; and the honest trade does not now seem to be interfered with more than is necessary to protect the Chinese revenue.' Hennessy considered that this was

due to Robertson's 'indefatigable exertions' and should be congratulated⁵³.

Thus, although Prince Kung at Peking was pressing for an early convening of the commission, it was of no avail⁵⁴.

Back in London, the Colonial Office suggested in March 1878 that Wade should be asked to a joint meeting between the two departments so that a solution to the blockade question might be found. The Foreign Office, in turn, suggested that the meeting should wait until the arrival of Hart and Robertson so that a better understanding of the blockade question could be obtained from their explanations and a more comprehensive solution could be achieved. A meeting was, in fact, held in the Foreign Office the day the suggestion came from the Colonial Office. It was between Wade, J. Pauncefote (undersecretary), and Lord Tenterden (the Secretary of State for Foreign Affairs). A memorandum was drawn up after the meeting for the benefit of the Colonial Office⁵⁵. However, the meeting suggested by the latter never took place; and in late February 1879, the Colonial Office noted that since Hart and Wade had already left London, the government should, nevertheless, formulate a line of action should there be a recurrence of hostilities between the Hong Kong and Canton governments. It believed that an extension of a branch of the Foreign Inspectorate in Hong Kong would be the best solution⁵⁶.

The Foreign Office took this opportunity to terminate the idea of a commission when it replied that since grievances from Hong Kong had ceased entirely, it would be impolitic to revive the blockade question. It went on to say that if complaints should arise again, 'the matter can be settled by the adoption of a few Rules such as the Cantonese authorities have virtually agreed to without the necessity of a Commission of Enquiry, and especially without the intervention of the Foreign Inspectorate whose establishment in the Colony would be

the signal for loud remonstrance.' The maxim of 'quieta non movere' was particularly applicable to the prevailing situation⁵⁷. The Colonial Office concurred with this view and the commission became redundant even before it got off the ground⁵⁸.

Chinese government reactions

In accordance with the stipulation that required China to carry out her part of the Chefoo Convention within six months after the signing of the agreement, the Chinese government made active preparations. On 9 January 1877, Li Hung-chang, in his position as the Chief Superintendent of Trade for the Northern Ports, informed the Tsungli-yamen that Shanghai would be putting into effect the 'exemption of li-kin in the port-area' arrangement on 13 February 1877. Other Treaty ports had to decide on the definition of the 'port-area' before similar arrangements could be operational. Detailed arrangements were also being made for imported goods that would have arrived before that date at Shanghai, i.e. what sort and amount of duties these had to pay etc.. The working of the opium clause, however, had not been planned pending agreements to be reached between Britain and other Treaty powers concerning this clause⁵⁹.

Then on 17 January, Shen Pao-chen, Chief Superintendent of Trade for the Southern Ports, reported that preparations at Shanghai were near completion. He had also issued instructions to the local authorities at the other Treaty ports that they should ascertain how encompassing their 'port-areas' would be, based either on the areas covered by existing foreign settlements, such as those at Shanghai, or if none existed, then on areas occupied by foreign residents at that moment. Preparations for the opening of the consular ports and ports of call along the Yangtze were also being made and they would be opened between March and April⁶⁰. On 24 March, Shen reported to the Tsungli-yamen again observing that it had been a month since operations

started at Shanghai and everything was functioning smoothly⁶¹.

In less than six months, China had dutifully carried out her part of the agreement, which also included the sending of Kuo Sung-t'ao to Britain on a mission of apology. She now waited patiently for Britain to ratify the agreement and carry out her part of the bargain.

At the same time, however, China was anxious over the opium clause and the convening of the commission. Prince Kung pressed Fraser for this⁶², and approached the American minister to urge his government to agree to the opium clause. Seward, the American minister, in his despatch to the State Department, commented that the Chinese government had every right to do anything it liked with opium after it had reached the hands of Chinese dealers, and even Fraser had 'assented to the justice of my view.' In the reply to Prince Kung, Seward pointed out that the representatives of Russia, Germany, Spain and France had been approached by him but they had all refused to express an opinion although Seward believed that they must have advised their governments of China's rights⁶³.

China's patience was, in a sense, rewarded by a translation (by the Tung-wen-kuan) of a newspaper cutting (the Times, of 31 May 1878) which reported that at a recent meeting of parliament, a question was tabled asking if the Chefoo Convention had been ratified, to which the government spokesman replied that a decision would be made soon.⁶⁴ But a month later came the British government's decision to ratify the agreement with exception of the two stipulations which had been noted⁶⁵. These two clauses, especially the one on the taxation of opium, were of direct concern to China's interests.

Reaction to the partial ratification, however, was surprisingly mild. There is no evidence from either Chinese or English sources that suggest that China protested or complained against Britain's decision, nor did she adopt

any 'retaliatory' measures. This could be due to the troubles she was having at that time with Japan over Formosa and the Ryukyu islands, and with Russia over Ili, both of which had led to an emphatic 'dialogue' between Li Hung-chang and Tso Tsung-t'ang, one advocating the importance of naval power and the other arguing for the importance of land power. Such a confrontation between two of China's leading officials, with unforeseeable consequences, was of more immediate concern to the Imperial government.

Nevertheless, Britain's refusal to agree to something that would be of benefit to China meant that she now possessed the 'trump cards'. China had signed five treaties with Britain, including the Chefoo Convention. The first three, the Nanking, Tientsin and Peking treaties, were the results of her military defeats and there was little negotiation involved. The fourth, the Alcock Convention, involved both negotiation and compromise, but it had been rejected by Britain. The last, the Chefoo Convention, had been secured for Britain through some coercion on the part of Wade, but this had also been rejected although China's concessions had been enforced, and were retained by Britain. This rejection showed the ugly side of Britain's 'China policy' - the selfish and the mean aspects - despite the outward promotion of a policy of peace, friendship and co-operation with China. The British government became vulnerable to attacks, and at a later stage, China was to utilize this vulnerability to her fullest advantage in the solution of the Opium Question.

Summary

The official reason given by Britain for only partial ratification of the Chefoo Convention was that it could not obtain the consent of other Treaty powers to the two stipulations. This was almost identical to the refusal to ratify the Alcock Convention, when the blame was put on France for her refusal to abide by the increase in silk

Tariff duty. In this sense, the official reason could be true if we were to consider the frustrations felt by the foreign representatives at Peking when they negotiated with the Tsungli-yamen for an agreement to likin dues between 1871 and 1872. However, the Foreign Office during the period between the signing of the agreement and the official pronouncement of partial ratification, did not make any serious attempt to persuade other Treaty powers to accept the agreement. It also did not take into consideration mercantile opinions which, on the whole, favoured ratification. This attitude was completely different from that adopted for the Alcock Convention.

As far as the British government was concerned, everything depended on the stand of the Indian government. When that government refused to be convinced by Wade's arguments for his opium clause, the Home government conceded to its views. However, it should be noted that throughout this period of uncertainty, the Indian government never spelt out clearly its objections to the opium clause and never asked for non-ratification. All it did was to express doubt as to the correctness of Wade's arguments, which, because they relied on the 'future', could neither be proven nor refuted. The Home government took these doubts as sufficient grounds for non-ratification. This, in fact, enabled the Indian government to declare in later years, and in no uncertain terms, that it was not responsible for the decision taken by the British government not to ratify the opium clause⁶⁶.

In many respects, Wade's arguments and the reactions to them were similar to Alcock's, although they set out from two different standpoints and the reactions stemmed from two different concerns. Alcock had aimed at a quid pro quo; but Wade was much more adamant, though he did realize that he could not ask for the impossible since China would be unable to carry them out. It would be possible to regard this as the only concession on his

part to China, Thus, to him, the two clauses that were not ratified were not in any way detrimental to British trade with China, whether in opium or other merchandise. They were not concessions to China. The reverse was true because China could no longer find any loop-holes as she had with the Treaty of Tientsin and the commercial arrangements appended to it. Moreover, the added concessions he had obtained from China, such as the opening of the ports along the Yangtze, would have more than counter-balanced the loss incurred by Britain by agreeing to the two clauses, if there was to be any such loss. To Wade, losses to trade were unforeseeable - only expansion and the lessening of grievances so long complained of by merchants in China, especially towards the levy of likin.

His arguments, nonetheless, did not carry sufficient conviction, a factor desperately required by the Indian government, which was very frightened - more by the uncertainty than the reality. Wade's forgetfulness or unwillingness on his part to consult and inform the Indian government of the course of negotiations at Chefoo had led to the latter's anger and frustration, and heightened its uncertainty over the opium clause. This was to be partly responsible for sealing the fate of the agreement⁶⁷.

Nevertheless, partial ratification of the Chefoo Convention put Anglo-Chinese relations on a new footing, one entirely different in approach and substance from that first envisaged after China's first defeat in 1842, and also possibly after her second defeat between 1857 and 1860. Negotiations for settlement of the Opium Question took on an entirely new light during the next decade.

CHAPTER 6: NATIVE OPIUM AND THE ANTI-OPIUM SOCIETY.

Failure by the British government to ratify in toto the Chefoo Convention resulted in a new phase in the negotiations for solutions to the Opium Question. By ratifying stipulations in the agreement that were beneficial to British interests, both governmental and mercantile, and by rejecting the two stipulations that would involve a give-and-take relationship with China, the British government had placed itself in an awkward position. Not only did it become vulnerable to attacks from the Chinese government, but also from the various organizations in Britain. For the first time, the government was on the defensive in regard to its China policy. It had to take the initiative in renewing negotiations for settlement of the Opium Question.

The Chinese government, during this period, i.e. from the date of partial ratification to the beginning of final negotiations in 1884, adopted a passive rôle. Its actions were based on the argument that China had fulfilled her obligations stipulated in the Chefoo Convention, and it was up to Britain to execute her part of the agreement. To this policy, Britain had no valid answer. All it could do was to make proposals which would benefit China more in the long run, since the latter had the right of acceptance and rejection. It thus became a situation whereby China held all the trump cards and could deal them out, one by one, whenever she thought it necessary. This must be borne in mind when we survey the years after 1878.

For the sake of clarity, rather than continuity, in our discussion of this period, I have divided it under two broad headings: 1) the various aspects of the Opium Question that brought forward a total of eleven proposals to settle it. These aspects were the continued cultivation of the poppy in China which increasingly worried the Indian government; the attempts at prohibiting the cultivation made by the Chinese Imperial and provincial governments;

the activities of the Anti-opium Society and mercantile bodies; and the proposals made by the British and Chinese governments and private persons to effect a permanent solution of the taxation of foreign opium. 2))In regard to the blockade issue, this period was marked by attempts on the part of Consul Robertson (and his successors), the Canton and Hong Kong governments to work out a favourable settlement. However, because the issue had become a Sino-British, and not merely a Canton- Hong Kong one, no solution could be found as long as the over-riding issue of the taxation of foreign opium was not settled. Thus, though the two issues seemed separated from each other, solution of one depended very much on the settlement of the other. Nevertheless, beginnings were made and experiments were tried during these years, and they formed the prelude to the final settlements in 1885 and 1887 respectively, for the taxation of opium and blockade issues.

In this chapter, we will deal with the continued and increasing growth of native opium, and the activities of the Anti-opium Society. The next chapter will deal with the negotiations over the taxation of opium and the blockade issue.

Expansion of native opium growth and trade

By the time of the conclusion of the Chefoo Convention, it had already been established that the increase in the production of native opium had become a serious threat to the continued import, if not expansion, of foreign opium. This trend was continued at a much more accelerated rate during this period.

Basing ourselves once again on consular commercial reports and returns and reports of the Foreign Inspectorate, we can trace the rapid development of native opium production.

In his Canton Trade Report for 1876, Commissioner Bredon thought it appropriate to include an assessment of the influence of native opium in Canton. He observed

that Chinese opium dealers believed that the production of native opium in the south-western provinces for the year amounted to 25,000 to 32,000 piculs, whereas between 1864-66, the annual yield was between 15,000 to 18,000 piculs. In Canton itself, 80% of opium dens were using native opium, the remaining ones confining their trade to the foreign drug only¹. Robertson thought it fitting to include Bredon's report in his own commercial report, but added his own remarks. He commented that native opium production was definitely on the increase and it was improving in quality. Some opium merchants had assured him that a comparison with Malwa would show little difference, and also told him that of the eighteen provinces of China, at least eight were producing it in quantity².

The consul at Hankow noted the same thing. He remarked on the startling increase in the quantity exported to Shanghai, which had risen from 10 piculs in 1871 to 1,696 piculs in 1876 (the amount that paid duty at the Foreign Inspectorate's office). Moreover, the continuous falling off in the amount of foreign opium imported, coupled with an increase in the number of smokers, obviously pointed to an increased consumption of native opium³. The severity of competition between the two types at Shanghai, the noticeable competition between native opium from Anhwei and Bengal opium at Kiukiang, and the increased consumption of native opium to 2,000 piculs plus at Ningpo all pointed to the same conclusions⁴.

In 1877, crop failure chiefly in Shansi resulted in a slight increase in the import of foreign opium. However, reports from Treaty ports still illustrated the same trend as the previous year. In the General Trade Report of the Foreign Inspectorate for the year, a survey showed that cultivation was present in all the provinces of China except Kwangsi, with Hunan, Hupeh, Kiangsi, Chihli and Kwangtung producing less than the others⁵. A few new factors were also present. Tamsui, which had previously no record of native opium consumption, now

reported that this was increasing⁶. Even in Peking, three-tenth of the opium consumed was native grown, coming from as far as Yunnan and Szechuan⁷. In Newchwang, 80% of the consumption was native opium, and the Consul, Adkins, remarked that the proportion was increasing⁸. The acting-consul at Chefoo also reported that 1,000 chests of native opium had been consumed in districts which had previously used Indian opium supplied from his port⁹. The Ningpo commissioner, who seldom made studies of native opium production, had to conclude that in his province, Chekiang, production should be about 16,000 piculs a year, though he conceded that perhaps 10,000 to 12,000 piculs might be more accurate¹⁰.

Famine in Shansi, which also affected neighbouring provinces, reduced the output of native opium for 1878, and there was an increased demand for Indian opium. However, native opium from Szechuan was rushed north to Chihli through Hankow to replace the loss of supply from the northern provinces of Shansi, Shensi and Honan¹¹. Cultivation was increased in south-east Mongolia and Manchuria as a result of the famine¹². In reports from the Treaty port, E.D. Sassoon and Co., the only foreign opium firm in Newchwang, had closed down because the trade was entirely in Chinese hands¹³. Demand for Indian opium at the port was completely regulated by the amount of native opium imported¹⁴.

In some reports, native opium production figures were given. One estimate put the production of Szechuan at 50,000 piculs, Yunnan at 15,000 piculs and just at two prefectures in Chekiang (that of Taichow and Wenchow) it was 4,200 piculs but by 1879 the production should double¹⁵. By quoting returns of the amount consumed locally, the consul at Hankow concluded that both production and consumption had increased¹⁶.

Continued famine conditions and the inability by unaffected provinces to supply food relief promptly resulted in strict prohibitions of poppy cultivation¹⁷. Its strict

enforcement resulted in a decrease in the total output of native opium. Exception to the rule was Anhwei where, according to the report from Ichang, production not only continued but increased. The district of Patung alone produced 2,000 piculs¹⁸. The year also saw the disappearance of extreme famine conditions and local officials were anxious to obtain their squeeze from tacit permission given to peasants to cultivate the poppy. Thus, some reports estimated that there would be an increased output for 1880¹⁹.

Such predictions were proven correct, though Yunnan, the largest native opium producing province, suffered a partial crop failure. Reports from practically all Treaty ports emphasized the increased production as well as the improvement in quality. Because of the prevalence of native opium from Szechuan, Ichang reported a total absence of Indian opium. In the opium dens, only a maximum of 10 piculs of the foreign variety was used²⁰. Shanghai observed that there was an increase of over 600 piculs of native opium imported into the port, and the lack of demand for Indian opium from north China meant that the native drug must be extensively used there²¹. At Wuhu, native opium was imported for the first time because of local demand for it²².

The year 1881, according to reports, was a very good year for native opium, as regards both production and quality. Yunnan had a good crop and Szechuan opium was improving rapidly in quality so that native opium could now compete directly with Indian opium, both in consideration of price and quality; it had already successfully stopped the importation of Persian opium²³. Kiukiang, Chinkiang and Newchwang all reported an increase in the consumption of native opium. The consul at Kiukiang estimated that consumption at the port was in the ratio of 30 chests of native opium to 70 chests of foreign opium, but the former was increasing²⁴.

W.D. Spence, the consul at Ichang, estimated that Szechuan was producing at least 177,000 piculs of which

54,000 piculs were consumed locally. Yunnan should be producing 35,000 piculs, Kweichow 10,000 piculs and Hupei 2,000 piculs making a total of 224,000 piculs, or $2\frac{1}{2}$ times that of the foreign opium import²⁵. His estimate did not include production figures from other provinces, and, though it sounded somewhat unbelievable, the fact that he was able to arrive at that figure, after careful deduction from available sources (such as the amount of land under cultivation), showed he could not have been too far wrong, and that native opium production had increased tremendously.

Between mid-April and late-June of 1882, A. Hosie, a student interpreter in the consular service, made an extensive tour through Szechuan, Kweichow and Yunnan. The report he wrote is most enlightening. He commented that the valley behind the hills of Chungking, capital of Szechuan, was filled with fields cultivating poppy. Only tiny plots were reserved for food staple crops such as wheat, barley and rape. In a long and narrow valley called Ch'u-mi-p'u in Kweichow, about 5 square miles, it was one mass of opium flowers. And these sights were repeated throughout his journey. Neither did he observe any official proclamations at prohibition nor was there any official interference²⁶.

By this time, effective official suppression had almost completely stopped and increased cultivation was witnessed practically in all the provinces. Shansi, in which the famine of 1877-78 brought about prohibition, was reported to be totally devoted to poppy cultivation²⁷. Wuhu reported that the two Sassoon firms were forced to close owing to a lack of business²⁸, and Chefoo also reported that the decline in foreign opium import had forced two foreign and twenty native firms to terminate their businesses²⁹. Chinkiang estimated that the demand for Indian opium would be ten times more if it had not been for the successful competition from native opium³⁰.

Apart from such observations, most of the other ports

reported that opium crops were good, especially the drug from Szechuan³¹. Shanghai reported that foreign opium import had been drastically reduced from 54,302 piculs to 44,883 piculs and this was entirely due to the competition from native opium which was even replacing Indian opium along the coastal areas, which had traditionally refused to smoke any native opium³². Likewise, in the northern ports, native opium crop from the previous year was so plentiful that foreign opium was practically driven out of the market completely. Even Malwa, which had always commanded a ready sale, found no buyers despite a reduction of 9% to 24% in its retail price. During that year, production from the three largest producers - Yunnan, Kweichow and Szechuan - was estimated at 225,915 piculs by Hosie, less than half of which was exported to other provinces and nearby Burma³³.

The following year saw the continuation of the same trend of development. Tientsin, Chefoo and Newchwang, the three northern Treaty ports, reported ample supply of native opium. This was despite the cessation of cultivation in Shansi, since yields from Kansu Shensi and Chihli were plentiful, whilst those from Honan and Yunnan were fully up to average³⁴. In Chefoo, E. D. Sassoon and Co., the only foreign opium firm still in operation, was forced to close and the opium trade went entirely into Chinese hands³⁵. At Newchwang, the amount of native opium that arrived was estimated to be five or six times that of the previous year, which in itself was not a bad year either³⁶.

Reports from ports along the Yangtze also confirmed an increasing domination of the opium market by native opium. Ichang reported that it had started trading in the export of Szechuan opium, while Kiukiang reported that Szechuan opium was now consumed in the port wholly unadulterated and was dominating the market³⁷. Both Wuhu and Wenchow supported this observation³⁸. An indication of this rapid acceleration in production and popularity

is the report from Tamsui that cultivation of the poppy, though on a small scale, had started in Formosa³⁹.

The following observation made by the consul at Chinkiang, E.L. Oxenham, is illustrative of the trend: 'A regular seesaw has been established in the trade....If Chinese opium is cheap and abundant, the import of Indian opium must be diminished or its price fall. If, on the other hand, the price of the native opium is artificially raised by prohibition or taxation, or naturally by a poor crop, the void is instantly supplied by Indian opium.'⁴⁰

The year 1884 saw once again a continuation of the trend, although the production was slightly less than the previous years owing to some official prohibition and partial crop failures⁴¹. In his summation of reports from consuls, O'Connor, chargé d'Affaires, expressed the trend aptly: 'Opium, taking all kinds together, remains stationary. Malwa and Patna show an increase with Benares and Persian a decrease. Persian seems to have fallen out of favour at all the ports. The native opium crop was a large one everywhere, and taxation seems to be the only hindrance now offered to the production of native opium.'⁴² Forecast for the crop of 1885 was believed to be much better⁴³. It is interesting to note that most of the consuls now make a habit of forecasting the native opium crop for the following year.

1885 was the year when the Additional Article to the Chefoo Convention was signed, thereby solving the question over the taxation of Indian opium. However, before it was signed in July, an Imperial edict was issued in May which called on all likin offices to collect 86 taels per picul on foreign opium, and the likin on native opium was simultaneously raised to half of that sum⁴⁴. This was accompanied by a renewed, though half-hearted attempt at prohibiting the cultivation of the poppy throughout China. As a result, production was slightly less, but it did not effectively interfere with the demand. In Chinkiang, for example, 3,000 piculs of Honan opium came into the port

for the first time and this variety was well-received by the smokers⁴⁵. In other places such as Newchwang, lack of supply of native opium because of partial crop failure in the north owing to heavy rain, led to a respite given to Indian opium⁴⁶.

The last two years of the period covered by this dissertation - 1886 and 1887 - saw the continued increase in the production of native opium; moreover, its quality had equalled, and sometimes even surpassed, that of the Indian variety⁴⁷.

By way of a summary, three special publications of the Foreign Inspectorate on this aspect of the Opium Question may be mentioned. These were: 1) Special Series: No. 4 Opium (1881); 2) Special Series: No. 9 Native Opium 1887; and 3) Statistical Series: No. 6 Decennial Reports on the Trade, etc. 1882-1891 (first issue).

In reply to the Inspector General's Circular No. 62 of 10 July 1879 (Second Series) entitled 'Opium: inquiries concerning consumption of:', replies from commissioners at the Treaty ports included the following summaries:

Francis W. White, the commissioner at Ningpo, estimated the production of native opium at 98,000 piculs distributed as follows: Szechuan 45,000, Yunnan 17,000, Kweichow 12,000, Honan 5,000, Shensi 5,000, Shansi 4,000, Chihli 3,000, Chekiang 3,000, Hupeh 2,000, Hunan 1,000 and Shantung 1,000.

E.T. Holwill, assistant-in-charge at Kiukiang, estimated the total at 77,000 distributed as follows: Szechuan 30,000, Yunnan 12,000, Kweichow 10,000, Honan 7,000, Chekiang 3,000, Hupeh 3,000, Kiangsu 2,500, Manchuria 5,000 and other provinces 4,000.

E.B. Drew, the commissioner at Ningpo, estimated the total at 265,000 distributed as follows: Szechuan 60,000 to 100,000, Yunnan 80,000, Kweichow 15,000, Chekiang 10,000, Shantung 300, and another 100,000 from Kansu, Shensi, Shansi, Honan, Mongolia and Manchuria. His estimates were based mostly on reports made by others.

As can be noticed, there was a great diversity in the

estimates, especially comparing Drew's with either White's or Holwill's. However, if Drew's estimate was to be relied upon, then Hosie's personal observation and estimate in 1882 of a total production of 226,915 piculs in the western provinces alone was no exaggeration. As the publications warn, these figures were very unreliable, nevertheless, they can be taken as a general estimate. The conclusion that can be drawn is that by 1879, the production of native opium had equalled, if not exceeded, that of the total import of foreign opium, which had remained almost stationary at 70,000 piculs a year since 1872. Coupled with the fact that from accurate reports more native opium was consumed - due to its cheapness and improved qualities - and the number of smokers had increased during this period, this can only point to the obvious fact that native opium production had continuously ^{increased} during this period. A further proof can be found in the intensified promulgation of Imperial edicts on prohibition of the cultivation of the poppy.

In reply to the Inspector General's Circulars Nos. 372 and 375 of 1887, nineteen commissioners replied and they all acknowledged that native opium was in use in their ports. Only Foochow and Takow said that a little was used while Newchwang, Tientsin, Chefoo, Hankow and Wenchow reported that this was chiefly smoked. Ichang reported that native opium was almost exclusively used. The other ports - Kiukiang, Wuhu, Chinkiang, Shanghai, Ningpo, Tamsui, Amoy, Swatow, Canton, Kiungchow and Pakhoi all reported an equal consumption ratio of native and foreign opium. The commissioner at Tientsin, Detring, gave an estimate for North China which consumed nine chests of native opium to ten of the foreign variety, while in Tientsin, there were seven native opium smokers to three foreign opium smokers.

In a special table compiled in this publication, which took into account all the reports mentioned above, the total production of native opium for 1887 exceeded 100,000 piculs. This was a conservative estimate since the total

was only from the Treaty port provinces. The actual total, therefore, should be much higher than this figure.

Finally, in the Decennial Report (for the years 1882 to 1891), 23 commissioners replied to the Inspector General's Circular No. 524 of 1890, and the following comments were made (summaries of some replies):

Newchwang reported a continued decrease of Indian opium and said that it was unlikely this drug could compete with native opium. Indian opium was only smoked in South China by people who had formed the habit of smoking of this variety. Native opium was grown extensively in the three Manchurian provinces which not only was producing an amount sufficient for local consumption but also for export.

Chefoo reported that Indian opium was rapidly on the decline with native opium fast replacing it. Furthermore, up to 1882, Shantung was unable to produce native opium of a quality equal to that of the Indian drug. But rapid strides had since been made and its improvement in quality had increased its popularity. Shantung was producing 28,400 piculs a year in 1891.

Chinkiang reported that before 1887 native opium was seldom used but by 1891 there was so much consumed that it could have already exceeded the total consumption of Indian opium.

Shanghai reported that in the ten years from 1882 to 1891, foreign opium import fell by 15% to 16% and the price fell by 30%, and these were directly due to the successful challenge from native opium.

Thus, by looking at these reports and estimates of the production and consumption of native opium, it was a fact that foreign opium (of which the Indian drug occupied more than 90%) was being rapidly superseded in China by domestic production.

Attempts at prohibition

The period under survey was marked by renewed but more intensive efforts at the suppression of poppy cultivation

in China. They were the results of two basic factors:

- 1) the intensity in cultivation (the amount of cultivatable land that was now devoted to the growing of the poppy) had led to a deficiency in food crops, especially during times of famine or drought, and because of memorials from concerned officials calling for prohibition, the Imperial government as well as the provincial governments were forced to take action towards prohibition;
- 2) failure by the British government to ratify in toto the Chefoo Convention had led to further negotiations to solve the Opium Question as well as the rise to prominence of the Anti-opium Society in Britain - and China used prohibition as a diplomatic weapon to obtain the best possible solution.

The process of prohibition may be said to have started again with three memorials from Kuo Sung-t'ao, Chinese minister to Britain. The first memorial was dated 22 March 1877⁴⁸, in which Kuo and the assistant envoy traced the history of opium smoking, and the development of poppy cultivation in China. Then it observed that, 'for ten or twenty years past, agriculture had been abandoned for the growth of the poppy-plant, in a yearly increasing degree, whilst the importation by Europeans into China has also gone on upon a progressive scale. It has been plainly evident that the larger the extent of the cultivation the greater is the number of those who indulge in the use of the drug; so that it would seem as though the entire population of China were about to lose their accustomed ways of livelihood, and with shrivelled necks and sallow visages, gasping painfully for breath, to become no better than an utter wreck [sic].' Bearing such consequences in mind, and spurred on by the visit of a deputation from the Anti-opium Society of Britain which, 'evinced in this outward manifestation the upright sentiments with which they were actuated,' Kuo felt that steps to prohibit the smoking and growth of opium must

be taken. He mapped out a plan in which the first step was to compel the officials and the literati to give up their addiction within a three year period. If the habit had not been given up at the end of this period, punishments such as the loss of official ranks, would be meted out. 'The object with which it is sought to secure that, within the term of three years, there shall be no opium smokers left within the educational associations of the country, is that of stimulating in a right direction the popular resolve, and inspiring a firm determination, which, after all, consists simply in appealing to the sentiment of self-respect.' Having accomplished this most important task, the populace could be educated both not to smoke and not to cultivate opium⁴⁹.

This was followed by a second memorial, received by the Imperial court in mid-May 1877, which though basically repeating the same arguments as in the previous one, added that while discussing the Opium Question with British officials, he felt greatly ashamed of his fellow countrymen smoking it, knowing very well the hazards involved. Thus, he had to reiterate his suggestion of a three-year period for officials and literati to give up the addiction. He also said that although the British government derived several hundred million taels from taxation and levies on opium in India every year, yet the Indian population was strictly prohibited from smoking the drug. Even Siam and Japan, formerly tributary states of China, had successfully carried out its prohibition. China, therefore, must do likewise⁵⁰.

Though the first memorial was very much publicized in Britain by the Anti-opium Society, yet it received no reaction or acknowledgment from the Imperial government. Thus, on 19 September 1877, Kuo memorialized for the third time. Apart from once more outlining the facts that opium had plagued China for fifty to sixty years and that 40% to 50% of the population were now addicts, thereby doing great harm to the country, he outlined six proposals based

on the Confucian precept of 'rewarding and encouraging man's sense of shame so as to bring out his natural goodness': 1) cleanse the habit of opium smoking at the schools of learning; 2) strict prohibition of poppy cultivation; 3) strict interdict against cheating and exhortation so as to relieve the worries of officials (so that they could carry out their duties properly); 4) appointment of officials and gentry to supervise the prohibitions (such as to investigate vices and conduct anti-opium societies along the lines of the one newly-established in Kwangtung); 5) framing of strict and precise rules and regulations so that offenders would realize the severity of punishments (for example, opium dealers would have to pay five times the usual amount of likin levied on the drug and this rule was never to be abolished, and the forcing of poppy cultivators to grow food crops instead under the rule of confiscation of their lands as penalty); and 6) forced closing of all opium-dens⁵¹.

In response to this memorial, an Imperial edict was issued which said that what Kuo Sung-t'ao had said was very correct and that prohibition had become a dead letter. All provincial military and civil officials were ordered to deliberate and report their findings and suggestions⁵². Reactions to this edict seemed to be confined to the capital, where rumours circulated that the British government had agreed to forbid opium to be shipped to China from British dominions (which would include India). However, Mayers, translator at the Peking legation, interpreted this as due to Kuo Sung-t'ao's 'proceedings in foreign ports', to the crop failure at Shansi and elsewhere, and a falling off in the opium supply from India⁵³.

Possibly as a response by fellow officials to Kuo's memorials, the last months of 1877 saw the punishment of minor officials for committing offences such as collecting likin on native opium or smoking the drug. It also saw a

series of Imperial decrees enjoining the suppression of poppy cultivation in the provinces. On 1 October 1877, the Peking Gazette published a memorial from Li Pei-ching, Governor of Kweichow, in which he denounced a certain Tu Ta-t'ing, expectant sub-prefect and magistrate of a district in the province, for misappropriating taxes he had collected on native opium. Fraser, in transmitting this information to the Foreign Office, observed that this was the first instance of a denunciation of a local official after the Imperial edict of 1876, which had never been rescinded⁵⁴.

Two weeks later, following a memorial from censor Liu Nan-p'u denouncing the continued cultivation of the poppy in Shansi, the Governor of the province, Tseng Kuo-ch'üan, was ordered to institute an enquiry, with all due diligence and to effect the prohibition without exception. Fraser once more commented that since these decrees were obviously never observed, 'one can only suppose that...usage requires a Decree....It is probably, by this time, a matter of tradition, generally received in the provinces, that prohibitions of poppy cultivation are mere forms, which public morality requires to be drawn up whilst private interest forbids them to be acted upon.'⁵⁵

In December 1877, Shen Pao-chen, Governor-General of Liang-kiang, submitted a long memorial denouncing five of his subordinates who had committed the offence of smoking opium. This was the first memorial in response to the edict calling on replies after Kuo's memorials. In this one, Shen, making full use of recondite classical phraseology, said that he had impeached these officials as a warning to their fellows so that 'it may be possible to remove grounds for complaint on the part of the lower orders, and to stimulate measures to active moral reform.' He argued that the evils of opium smoking were known to everyone, but it had become so prevalent that,

though a deadly poison, it now constituted an ordinary article of daily consumption, such as tea or rice. The common people looked towards the officials and literati for an example but they had become addicts themselves. It was like a man's entire body attacked by disease, and the only way to administer remedies was to deal with the 'inner organs that the extremities may be gradually restored.' The 'inner organs' meant the officials and literati - hence the impeachment of some of his subordinates. As a result, these officials, who were of relatively high rank (intendants, magistrates and expectant taotais), were stripped of their rank and denounced in public⁵⁶.

Following Shen's impeachment of his subordinates, a few other magistrates were similarly denounced as hopelessly addicted to opium smoking⁵⁷. Some reports, called for by the edict in response to Kuo's memorials, had also come back by February 1878. Mayers, after assessing the materials contained in these reports, summarized them as follows: 'the general tenor is adverse to any immediate possibility of action. It is thought that before the masses are interfered with, the attempt to root out the practice of opium smoking among the official class must be made, and that the growth of the poppy plant is too widely spread to admit of its abrupt prohibition.'⁵⁸ This assessment is quite accurate considering the increasing number of minor officials denounced on the one hand, and on the other, the continued cultivation of the poppy as indicated in consular and Foreign Inspectorate's trade reports. Mayers also noticed that district magistrates customarily made two proclamations every year, 'the first is put forth at the time when the early revenue collection is made, before the plants are fully developed, and the second when the juice is nearly ready for gathering. By this occasion it is easy to represent that to destroy the crop would entail a loss of the second half year's

revenue and the farmers are left unmolested in consideration of fees paid to the Magistracy underlings.⁵⁹ Thus, despite honest attempts by the Imperial and some provincial governments to prohibit the cultivation, it was almost impossible to enforce.

Between 1877 and 1878, because of the drought in Shansi, famine broke out in the province. Owing to the fact that practically all the cultivatable fields were used for poppy growing, there was a scarcity of food everywhere. Famine relief operations were handicapped because neighbouring provinces were unable to provide efficient assistance since they themselves had too much land devoted to poppy cultivation and did not have sufficient reserves of grain. An Imperial edict was issued, but this time, directing its special attention to Shansi⁶⁰.

The response from other areas was almost immediate. Under directions from the Governor-General, the taotai of the Newchwang district issued a special proclamation forbidding the cultivation of the poppy. The reason given was that Manchuria, being a corn-growing area, should not sacrifice its wheat production, especially since neighbouring provinces were then devastated by famine conditions⁶¹. Though it was first envisaged that the proclamation would, like others of the same nature, have no effect, a tour of the consular district a few days later showed that it had been effectively carried out, at least in areas easily accessible to provincial officials. The vicinity of Mukden and Newchwang, for example, were cleared of all poppy crops which were ploughed up and a late crop of beans and millet substituted⁶².

The famine also prompted Tso Tsung-t'ang to renew his fight for total suppression of poppy cultivation. In a long memorial which appeared in the Peking Gazette of 26 August 1877⁶³, Tso explained the method by which poppy cultivation had been stopped in his province of Kansu. He had instructed his subordinates, military and civil,

to make several visits a month to every village and to make close search for signs of poppy culture. When these were found, the poppy crop would be destroyed, the land ploughed up, watered and sown with beans and wheat. According to reports from his subordinates, these were accomplished except in six districts in Ninghsia. However, by pointing out to these stubborn peasants that large profits could also be derived from producing grain or cotton, and that poppy cultivation would receive severe punishments and penalties, they were convinced and obeyed. He then gave a list of those officials who should be recommended for their diligence⁶⁴. This was one of the few memorials that adopted a practical approach in that there were no moral overtones: it dwelt simply on the application of prohibition.

In a subsequent memorial, which was appended to the first one, Tso Tsung-t'ang outlined in more detail how the evil of opium smoking could be permanently stopped. He argued that the first step should be to strike at the source of supply; he proposed prohibition of poppy cultivation. This would be an easier matter than to lay an interdict on opium, since the drug was a very valuable commodity, dear in price and small in bulk and could be easily smuggled. Moreover, opium smoking was done in secrecy and could not be detected easily. If the interdict was strictly enforced, it would only open the door to extortion and bribery. Poppy fields, however, were in the open, easily detectable, and by educating subordinate officials in the value of 'real earnestness', the job of prohibition could be easily carried out. Together with a set of rules for rewards and punishments, these officials would carry out their duties. Tso ended his memorial by congratulating himself on the success in Kansu through the use of this system⁶⁵. Judging from the failure of other provincial officials to follow his lead, Tso's memorials can be considered to have had little effect.

Prohibition, however, was effective in Shansi and in the Liang-kiang provinces of Kiangsu, Kiangsi and Anhwei. In a memorial Tseng Kuo-ch'üan, Governor-General of Shansi, said that one of his officers, while inspecting the different departments of the province in connection with famine relief, had found that poppy cultivation had been reduced to 60% to 70% less than the previous year, i.e. before the Imperial edict was proclaimed. However, realizing that although cultivation of food crops would reap bigger profits temporarily, the 'common country people', possessing no judgment of their own, might be tempted once again to indulge in poppy cultivation. He suggested that he be given Imperial permission to issue a proclamation to the effect that land found to be used for the cultivation of the poppy would be confiscated for the benefit of the village and be placed in the hands of the village Elders to be made available for public use. Officials who were diligent in their duty of enforcement of the prohibition would be 'submitted for favourable consideration' (for rewards or promotion). This was agreed to by an Imperial rescript which specially pointed out that it was 'not to be regarded as a mere matter of form.'⁶⁶ However, this was not heeded, especially when there was abundant rain during the autumn which greatly benefitted poppy growing. Proclamations were issued again threatening with the confiscation of land and giving suitable rewards to honest officials⁶⁷.

In September 1878, Shen Pao-chen, Governor-General of Liang-kiang, also issued a proclamation. It was one full of rhetoric and warnings of 'heavenly wrath'. Shen called his people's attention to the sufferings of their fellow men in Shansi and claimed that they were suffering because of the wrath of heaven. Shansi had been bestowed with blessings, but the people had misused them and cultivated poppy, hence their sufferings. Neighbouring Shensi and Honan were likewise affected, but suffered less because the

degree of poppy cultivation was not so extensive. He compared relationships between people and government to that between children and parents, saying that if the child had committed an error unknowingly, the parents would draw his attention to it. However, if the child commits the same error again, he would be severely punished. Thus, the people of Liang-kiang had to obey the prohibition proclamations or they would be severely punished, to the extent of their lands being confiscated. The law would be assuredly enforced⁶⁸. This was one of the few proclamations that was enforced, though some opium was still grown in the northern areas of Anhwei and was unlikely to be interfered with as it was too far away from the capital⁶⁹.

Repeated memorials and prohibition edicts did have some effect on the production and output of native opium. In 1879, the year following such memorials and edicts, almost all reports made by consuls and commissioners testified to this fact. In northern China, Chefoo, Newchwang and Tientsin all reported that there was intense prohibition resulting in an insufficient supply of native opium and a resultant increase in the demand for Indian opium. The consul at Newchwang, for example, reported that native opium output from Kirin and Feng-tien for the year was only one-fifth of former years. In central China, Hankow, Chinkiang, Wenchow and Shanghai reported similar situations. The commissioner at Hankow reported that there was strict prohibition in Shensi, Honan and Kweichow while the commissioner at Chinkiang observed strict prohibition in the Liang-kiang provinces. The consul at Hankow also reported that there was a shortage of native opium because of the prohibition. The commissioner at Shanghai observed that there was no demand for native opium at the port; he believed that this was probably due to a falling off in production in the north-western provinces. However, though prohibition was enforced

it was not totally ineffective. Ichang, for example, reported that there was cultivation all around the port, and Chefoo claimed that poppy cultivation had resumed in Honan, Shansi and Kirin. Tientsin also reported that a large output was expected for 1880. Nevertheless, 1879 was a year that saw the most intensive prohibition⁷⁰.

In 1880 there was a complete reversal. All reports said that there was an abundance of native opium⁷¹. Though the year passed without any memorial or edict, in the following year, there were new attempts at prohibition. However, it must be noted that the nature of these efforts had changed. This and the following years were marked by an intensification of negotiations for a settlement of the Opium Question, and most of the memorials, though still expressing abhorrence of opium - whether cultivated in China or imported from abroad - yet had become more diplomatic in approach. Also, in a sense, the expression of two different opinions by two groups of officials marked a renewal of the opium debate that had begun in 1872, but which had been abruptly ended in the same year.

In June 1881, Tso Tsung-t'ang started the debate with a memorial. He pointed out that China had been plagued by opium and that prohibitions had gone unheeded. As Governor-General of Kansu and Shensi, he had prohibited poppy cultivation and had put foreign opium in bond, either to be returned to the place of import or to be burnt. However, this was not a solution suitable for all of China. The only way was to increase duties on both native and foreign opium. This would increase the retail price so that the numbers who smoked and their consumption would be decreased. After a number of years the scourge of addiction should be curbed. However, in order to carry out this plan, foreign opium must be put in bond, and after a total levy of 150 taels per picul had been paid (30 taels for Tariff duty and 120 taels for likin), it

could be sold to consumers. On native opium, because it was less addictive and less popular, taxation could be lighter and be graded according to price. Tso emphasized that the levying of duties and the control of opium distribution was purely a Chinese affair and western nations had no right to intervene. Moreover, he argued that such a practice should be acceptable even to the British government since it had tripled its duty on perfumery, an increase which was proportionally much higher than what he had suggested for opium. The Imperial edict that followed on 5 June 1881 said that Tso Tsung-t'ang's proposal was 'not devoid of perception' and agreed with his reasoning. The figure of 150 taels per picul was considered fair and equitable. Governor-Generals, governors and Tartar generals as well as the chief superintendents of trade were asked to furnish reports within one month⁷².

Four memorials were received, coming from the Governor of Fukien, and the Governor-Generals of Chihli, Shansi and Liang-kwang⁷³. The memorial from Fukien, which was addressed to the throne as coming from all high-ranking officials, reported that a total of 96 taels per chest had always been collected in the province - which was made up of 30 taels each for Tariff duty and Chinese duties, 15 taels for p'iao-shui, 16 taels for likin and 5 taels for contribution dues - but would agree to collect a total of 150 taels per picul. The memorial pointed out that the Foreign Inspectorate should collect 30 taels of Tariff duty while the rest - adding an extra new likin of 54 taels to make up the 120 taels required - should be collected by the provincial government. New regulations and preventive services would be installed since Fukien had many inlets and outlets, which smugglers would definitely use if dues on opium were increased. The province would, of course, retain the amount used for tax stations and preventive services. The concluding remark of the memorial asked that all provincial governments should map out a comprehensive

plan so that there would be uniforming not only in the collection of duties but also in the prevention of smuggling⁷⁴. Though the memorial on the surface was in favour of Tso Tsung-t'ang's proposal, the tone could be taken to mean the very reverse. This was possibly due to the fear that provincial revenues would be greatly reduced if all that was collected were to be sent to Peking.

The memorial from Li Hung-chang, Governor-General of Chihli, was more to the point. He agreed that the levy of a heavy duty on opium would decrease the number of smokers and possibly end addiction in China; but he also pointed out that this would lead to increased smuggling attempts, chiefly from Hong Kong. However, by framing new regulations together with the Foreign Inspectorate, the collection of a total of 150 taels duty could conceivably be effected. These would include a system of rewards and punishments, the issue of licences to native firms engaged in the retail trade and the bonding of firms together to introduce group responsibility, and issue of likin receipts in triplicates, etc.. Li then pointed out that if Tso's proposal was to be accepted, all provinces in China should give effect to it at the same time. But, all provinces should still be able to retain the amount formerly levied, and remit the remainder to the Board of Revenue. Concerning native opium, Li suggested a fixed duty of 40 taels per picul, since it was difficult for officials to supervise the collection and a higher duty would lead to more smuggling. The consoling point, he contended, was that when the foreigners found it was no longer profitable to sell opium to China, then additional taxation could be put on native opium⁷⁵. Despite Li's concern for the empire at large, the memorial was primarily concerned with his province of Chihli. Thus, he claimed that Tientsin should retain 60% of the new likin (120 taels) on the grounds that the old likin had been solely used

for coastal defences and had always been inadequate. Moreover, contribution from Shanghai and the Tung Hai barrier, which had in the past contributed to the revenue of Chihli, should not be stopped.

The memorial from Chang Chih-tung, Governor-General of Shansi, arrived fourteen months after the edict, in August 1882. Though indirect references were made to the edict, he was much more concerned with the extent of poppy cultivation in his province and pointed out that the best way to prohibit it was to start with the rich and then the poor land, the central and then the outlying districts, and the framing of strict laws. In particular reference to the edict, he mentioned two factors. He agreed that an increase in the Tariff duty would result in less importation of foreign opium but argued that native opium growth should likewise be curtailed since it would be difficult to silence the westerner's opposition if this was not done⁷⁶.

Chang Shu-shen, Governor-General of Liang Kwang, having consulted his subordinates, pointed out in his memorial that Kwangtung must be considered separately from other provinces concerning Tso's proposal because of its peculiar relationship with Hong Kong. The six tax stations that blockade Hong Kong and Macao could be made use of to collect the additional duties. The difficulty was that there was no 'central port' with Hong Kong and Macao, i.e. one that dealt directly with these two places in imports and exports. If the huge increase in Tso's proposal were to come into effect, there was bound to be a tremendous increase in smuggling activities. However, since the proposal was in the general interests of the country, it should be given effect to simultaneously and on a uniform scale in all the provinces, and Kwangtung would 'make every effort to secure the successful working of the measure'⁷⁷.

The next two years witnessed an absence of memorials

and edicts. This could possibly be due once again to the intensive negotiations between Britain and China over the Opium Question. That Li Hung-chang, the principal negotiator for China, was thus involved meant that he did not want to bring up either the problem of increased dues (as Tso's proposal) or prohibition of native opium. Other officials, more or less in his shadow, likewise remained silent. With no initiative from leading officials, the Imperial government was quite content to remain silent. By raising the matter itself, there was nothing to gain or lose - if additional revenue was received by the provinces these were unlikely to be remitted to the capital. In the provinces, however, the traditional publication of prohibition proclamations continued unabated. In some cases, results were achieved, while in others, they became dead letters from the very beginning⁷⁸.

In conclusion, four points should be noted. 1) Production of native opium was greatly on the increase, and its quality was also improving, so that it could compete directly with the best of foreign opium. By the early 1880s, the amount of foreign opium imported had come almost totally to depend on the availability of native opium in China. This was partially due to the cheapness in price of the native drug, but also due to its quality, as well as to the fact that it could be re-smoked many times. Thus the increased consumption of native opium by the Chinese populace did not see a corresponding increase in the import of foreign opium. Moreover, because of the establishment of opium monopolies in most of the Treaty ports, non-Chinese opium firms were gradually forced out of the business. By the eighties, there were only two big foreign opium firms in China - that of David Sassoon and Co. and E.D. Sassoon and Co. (both parsee merchants). Yet, even these two firms were being forced out of business in a number of Treaty ports. Therefore, when negotiations

for the opium agreement were concluded in 1885, it was much easier for both governments to enforce the stipulations.

2) Although prohibition was always enforced, it was only after the disastrous famine in Shansi between 1877-78, during which millions died of starvation, that stricter measures were exerted⁷⁹. Nevertheless, prohibition was far from being a success. This was partly because of the inability of the Imperial government to enforce its edicts, since provincial governments had more autonomy than acknowledged at the capital; and partly because of the inability of the provincial governments themselves to enforce them. Contributing to these factors was the desire of the provincial authorities to secure more revenue through the levy of both the land and likin taxes on native opium. There was also the argument previously put forward by Li Hung-chang in 1872 and then accepted by quite a few high-ranking officials, that it would be a wise policy to encourage the growth of native opium so that less foreign opium would be purchased and the balance of trade as well as the flow of silver would be in China's favour⁸⁰.

3) It could also be argued that renewed prohibition attempts, whether they were successful or not, were a direct response to Kuo Sung-t'ao's memorials. They became endeavours made by the Imperial government and its high officials to convince the Anti-opium Society of China's willingness and eagerness to exterminate the evil of opium. Such measures would also put pressure on the British government, both from the Chinese minister and the Anti-opium Society, to effect a settlement of the Opium Question beneficial more to China than to either Britain or India. Thus, whether the prohibition measures were wholly effective or completely useless would bear little or no significance to their use as a weapon for diplomacy⁸¹.

4) Concerning the dues levied on native opium during this

period, a subject which had not been noted in detail, they varied little from those levied before 1876, i.e. the total amounted to half of that levied on the foreign drug. This practice was still the rule rather than the exception⁸². As in the period before 1876, most of the native opium evaded such dues. The tax imposed on the land used for poppy cultivation was very much dependent on local authorities and the amount varied according to the 'greediness' of the local officials and the degree of pressure exerted from higher authorities to prohibit the cultivation.

Activities of the Anti-opium Society in Britain

The movement against the opium trade had begun in the first decade of the nineteenth century when it was realized by some the injury it could cause to China. However, this was not an organized movement, although it was supported by missionary societies and some members of parliament. A select committee to investigate into the trade was formed between 1830-32, and in the following decades motions were tabled in parliament against the trade. In 1843, for example, Lord Shaftesbury, then Lord Ashley, tabled a motion which called on the government to terminate the opium trade. It was later withdrawn. In 1858 Mr. Cobden moved that a select committee should be appointed to inquire into the state of Britain's commercial relations with China because he regarded as insufficient the evidence tabled by the government to justify the war of 1856-58. Though this was carried by a majority, Lord Palmerston appealed to the country which returned him to office with an increased majority. In 1870, Sir Wilfred Lawson moved 'that this House condemns the system by which a large portion of the Indian revenue is raised from opium.' It was defeated by a division in the house.

Then in^hAutumn^{of} 1874, the movement was organized with the formation of the Anglo-Chinese Society for the Suppression of the Opium Trade (or Anti-opium Society) with

Lord Shaftesbury as its first president. He continued to lead the anti-opium movement until his death in 1886, when Sir Joseph Pease succeeded him. Although the society supported and advocated various measures at different times, it was characterized by its vehement objection to the opium trade as a whole - not only in China but also in British India. Before the signing of the Chefoo Convention in September 1876, the society directed its attention mainly to the condemnation of British military and diplomatic influence under which the admission of Indian opium into China was maintained. Failure by the government to ratify in toto the agreement gave the society the focal point of contention.

The society enlisted the support of other organizations, basically missionary and religious ones, and key political, religious and social figures, in its fight for the ratification of the opium clause in the agreement⁸³. Towards this end it utilized all the arguments that could be thought up, although they were all based on moral, humanitarian, religious, ethical and even utopian principles. Persuasion and perseverance rather than coercion were used to attain its goal. The society's official publication - The Friend of China⁸⁴ - appeared first in 1875 and continued until 1916. When the Additional Article to the Chefoo Convention was signed in 1885, its labours were rewarded, and dissolution of the society was discussed. However, its members decided that its work should continue though on a revised basis. Attention was directed at the British government's patronage and promotion of production and sale of opium in India. The result was the appointment of the 'Royal Commission on Opium' in 1894. However, findings and recommendations of the commission in 1895 were considered as unsatisfactory and the society continued with its task of exterminating not only the trade but the growth of opium in India. In 1916 it finally succeeded and having accomplished what it had set out to do, it

was dissolved voluntarily⁸⁵.

The Chefoo Convention was signed on 13 September 1876 and when the contents became known to the public in Britain in October, the Anti-opium Society immediately took action. In two memorials to the Foreign Office on 24 November 1876 and 4 October 1877, it called on the government to ratify the agreement. The society repeated the argument used in previous years that the British government was upholding the opium trade with its military superiority and that the trade was not only inflicting serious injury on the population of China but was 'in violation of the plainest dictates of justice and humanity.' It also wanted the government to assure China that it would look upon favourably any proposal or legislation to diminish or suppress the trade⁸⁶. Also during 1877, three memorials came from the Church Missionary Society, the London Missionary Society and the National Bible Society of Scotland, addressed to Lord Derby, head of the Foreign Office. The first memorial stressed that its missionaries in China had observed the evil and harmful effects of drug addiction. This would definitely prejudice Sino-British relations, and since the opium trade was purely for the benefit of the Indian government and to the detriment of British manufacturers, the government was urged to prohibit gradually the import of the drug into China. The other two memorials argued the same case on grounds of humanity and political justice⁸⁷.

The British government made no response to such appeals, and in the January 1878 publication of the *Friend of China*, a much more emphatic entreatment was made. It observed that mercantile opposition to the Alcock Convention was immediate, but there was practically none to the Chefoo Convention. Only the Shanghai General Chamber of Commerce objected but this came nine months after the agreement was signed. The much-noted objections raised by the merchants Michie and Barnes in London came

another five months later. If Wade had not been taken ill and if a more positive answer had been received from the Indian government, the agreement would have been ratified long before such opposition bodies 'wake up' out of sleep.' Furthermore, the essence of their arguments boiled down to simply, 'we acknowledge the right of the Chinese to tax opium as they please, but we object to bestow on them the power of doing so.' This was an extremely feeble argument and it was small wonder that the reputable chambers of commerce in Britain did not endorse their views. Though they expressed some doubts on the clauses on trade, they were all in agreement that the opium clause was a just one. In another section of the issue, under 'China News', the British government was blamed for China's inconsistent and unsatisfactory attitude towards opium and argued that if the Chefoo Convention was ratified, China would have no excuse to continue its present 'hot and cold policy.'⁸⁸

During the next month, the Anti-opium Society, together with some other associations, wrote to Lord Derby of the Foreign Office requesting an interview with him. It also presented again a memorial from Lord Shaftesbury and others⁸⁹. In this memorial, which had been first submitted in November 1877, the memorialists urged that though the Indian government would advise non-ratification, the Home government should ratify the agreement all the more. This was because the agreement was in the nature of a compromise with China, and Wade had insisted that it should be dealt with 'as a whole'. Now that China had carried out her part of the agreement, it was up to Britain to do the same. The value of the opium clause was to help the Chinese government in the collection of the opium likin by the prevention of evasion of duties at the Treaty ports. This alone, they contended, was sufficient basis for ratification. Moreover, at the present, many countries were establishing tariff barriers to jeopardize Britain's commercial

interests, but China had adopted the opposite policy. Britain's tariff imposed on Chinese tea and China's opium tariff and likin constituted a good example. Furthermore, if the opium clause were to be carried out, China would only benefit by £1 million while the Indian Exchequer would profit by over £6 million. It would, therefore, not only be unreasonable but also unjust to refuse ratification⁹⁰.

To the request for an interview, the Foreign Office did not reply, and in April, Mr. Turner, secretary of the society, wrote and expressed the feeling that 'considerable and increasing number of Her Majesty's subjects are waiting with much anxiety for the publication of the final decision of Her Majesty's Government in regard to it [the Chefoo Convention]'.⁹¹

In June 1879, the Huddersfield Methodist Conference sent a memorial to Lord Salisbury of the Foreign Office asking that its resolutions on the opium trade be placed on record: 'first. Because as a source of Indian Revenue it is commercially unsound, unpolitic and immoral; second. The unjustifiable and unchristian method by which it was at first imposed by British arms; third. The terrible consequences of indolence, crime, poverty, misery and death which it inevitably entails upon the people; fourth. The disastrous and lamentable effects which it has upon Christian Missionary zeal and enterprise among the Chinese; and lastly, that it places England in such an unenviable and invidious position as to expose her to the reproach of inconsistency among other nations, inasmuch as while we send the Gospel and Missionaries to teach Christianity and virtue, we also send that poisonous drug which demoralizes the land and constitutes an almost insuperable barrier to the Gospel's advance.' Ratification of the Chefoo Convention would promote 'the abolition of the evil complained of.'⁹²

The Foreign Office turned a deaf ear to these petitions. However, finally in June 1880 a meeting with the Anti-opium Society was agreed to. A memorial was presented at the

meeting which claimed that the long delay in ratifying the Chefoo Convention had tarnished Britain's national character for good faith as well as a serious injustice to China. It summarized its arguments thus: 'in order to procure his demands [Wade] summoned war-ships and menaced war. Thus he procured diplomatic and commercial concessions of great importance from China; giving that country two considerable concessions in return. At the last moment he secured the almost immediate execution of the concessions to this country, and made the concessions to China dependent on an uncertain contingency [consent of other powers]. The consequence is that at this moment Great Britain enjoys the Chinese concessions, and China has not received one jot of the concessions promised to her.'⁹³

During this period, the Edinburgh Chamber of Commerce also memorialized to the Foreign Office urging the ratification. It argued that China had already fulfilled her obligations and if Britain refused to carry out her part it would be a breach of good faith which 'cannot but reflect dishonour upon Great Britain in the opinion of other nations, and give good cause to the Government of China to complain.' Objections raised by the Indian government were invalid because by the Treaty of Tientsin Britain had expressly agreed that 'opium was to be carried into the interior only as Chinese property' and that 'the transit-dues on it will be arranged as the Chinese Government see fit.' Thus the opium clause was nothing more than a further clarification of terms which Britain had already acquiesced to⁹⁴.

In October 1882, the Synod of Glasgow and Ayr of the Free Church of Scotland memorialized to Gladstone, the prime minister, urging the ratification of the opium clause on the grounds that the respect of Britain as a nation to be respected had been greatly undermined by forcing opium on China. They also noted that Malwa opium

growers should be placed under the same stringent regulations as those imposed on Patna and Benares opium growers⁹⁵.

Three months later, J. MacDonald, a missionary, struck a new note in argument. He quoted the Chinese maxim of 'do not do unto others what you do not like done to yourself' and asked the Home government and the Indian government to do away with petty objections, and to put their trust in God. He also suggested that opium cultivation in India could be gradually replaced by the growth of more useful crops and this would result in the moral prestige of the British government being exalted and the name of Britain glorified throughout the world⁹⁶.

While these petitions and appeals were being delivered and made to the government, another line of action was taken in both houses of parliament⁹⁷. The most consistent question raised in parliament was to ask for Wade's memorandum (the one he wrote on 14 July 1877) to be made available. The government adopted a delaying tactic. Three times in 1877 - on 10 February, 13 April and 30 July - the government agreed but the memorandum never appeared. In August 1877 some parts of it were released but these only concerned Wade's negotiations on the murder of Margary and not the commercial clauses in section III of the Chefoo Convention. When the question was raised again on 11 April 1878, the government once more replied that it would be laid before the House within two or three days but again the promise was not fulfilled. When Lord Salisbury was questioned in the House of Lords on 23 July 1878 and then on 9 May 1879, he replied that delay in ratification was because of the dissent of other foreign powers and made no mention of the opium clause.

The debate in parliament was resumed when on 18 January 1881 J.W. Pease, secretary of the Anti-opium Society, asked three questions: 1) If Wade's promised despatch concerning his observations on opium had been received? 2) If the confidential part of Wade's Report

would be laid upon the Table? 3) If Government would approve Wade's arrangement of 1880?⁹⁸ To these, Sir C. Dilke replied on behalf of Salisbury that 1) it had not been received and Wade had indicated that it would contain little new matter; 2) it could not be laid before the House until the close of negotiations with China; and 3) the Indian government had no objection to the arrangement (this was to use the example of the Shanghai likin collectorate for a trial period of five years) provided certain details on likin barriers could be obtained, and the Chinese government was preparing an answer⁹⁹.

In late April 1881, A. Pease introduced three resolutions in parliament which called for the ratification of the opium clause, the condemnation of the opium trade and financial support to be given to the Indian government to decrease its cultivation of the poppy¹⁰⁰. However, two new resolutions, amending his, were introduced by another member which stipulated that there was insufficient evidence given for the termination of the opium trade, and that the Indian government, because of its measures to ameliorate the condition of the natives of India, could not possibly do without the revenue acquired from the opium trade. The amendments were adopted and Pease's resolutions were consequently defeated¹⁰¹.

In August of the same year, Pease asked the government for clarification of its stand on the question of the levy of opium dues by the Chinese government. Dilke replied that the Chinese government was free to levy what duties it pleased on native opium, and on Indian opium, once it had left the foreign importer's hands, could be treated likewise. This was, in fact, a repetition of the arrangement of 1858 and no new information or stand was either disclosed or adopted by the government¹⁰².

In the parliamentary debate on 28 February 1882, Pease asked once again if the opium clause had been ratified

and if Wade's despatches could be laid on the table. To this the government replied that the clause had not yet been ratified and the Chinese government had not complained about the delay. Friendly negotiations were going on with China and the papers therefore could not be laid before parliament¹⁰³. This was another delaying tactic on the part of the government. On 22 July, Pease repeated his questions and Dilke replied that the matter was still under consideration and papers would be laid 'in due course.'¹⁰⁴

Pressed continuously and with the mounting support of such resolutions and appeals from the public, some serious thinking was done by the Foreign Office. In a memorandum drawn up by J. Pauncefote, the permanent undersecretary and the person assigned to deal with the issue of taxation of opium, the entire matter was carefully considered. Believing that the Anti-opium Society and its allies would be satisfied as long as the British government did not interfere with the inland taxation and did not enter into a partnership with China over the supply of Indian opium, and arguing that consequences of such would rest entirely with the Chinese government, he advocated that the time had come for Wade's despatches to be laid before parliament¹⁰⁵.

In the afternoon of 17 August 1882, correspondences including Wade's report and all subsequent information from 1879 to 1882 were laid before parliament. The only ones 'missing' were departmental correspondence between the Foreign and India Offices which was the result of a special request from the latter arguing that since negotiations with China were still underway, such documents should be kept a secret for the time being¹⁰⁶.

The Anti-opium Society had scored a definite victory. After six years of continuous appeals and representations, they had obtained at least half of what they were fighting for. Attainment of the other half, to the society, became

a matter of time.

Following on the heels of this success, on 1 November 1882, a conference was held by the society and Pease moved a resolution which was unanimously adopted. The resolution contained four points: 1) that it was unworthy of Britain, as a Christian nation, to continue the importation of opium into China at a low rate of duty; 2) that the Chinese government should be allowed to pursue whatever course of action it wanted regarding opium; 3) that the opium clause of the Chefoo Convention ought to be confirmed by the British government immediately; and 4) that the society would continue to impress upon the Indian government the inconsistency of trading in opium solely for the sake of revenue¹⁰⁷.

Then in April 1883, Pease claimed in parliament that he had obtained 75,000 signatures supporting his motion and he moved a resolution ; 'that an humble address be presented to Her Majesty, praying that in all negotiations which take place between the Governments of Her Majesty and China, having reference to the duties levied on opium under the Treaty of Tientsin, the Government of Her Majesty will be pleased to intimate to the Government of China that in any revision of that treaty, or in any other negotiations on the subject of opium, the Government of China will be met as that of an independent state, having the full right to arrange its own import duties.' The motion was put to a vote but lost by 126 to 66¹⁰⁸.

In August of the same year, a Mr. Richard once again brought up the subject by asking if the Foreign Office could inform the House of any new developments in the negotiations with China on opium 'which have been proceeding since 1876.'¹⁰⁹ To this question, the government replied evasively that negotiations were proceeding and 'still being carried on, and that proposals have been made by the Chinese Government to which Her Majesty's Government have signified their readiness under certain

conditions to agree.'¹¹⁰ The 'certain conditions' were not spelt out though they should refer to the ones laid down by the Indian government.

Debates concerning the opium clause in parliament ended at this stage, but a new tactic was underway. An avalanche of petitions and memorials poured into the Foreign Office between March 1883 and March 1885. They came from the Anti-opium Society and 105 other organizations¹¹¹. Though the petitions varied in content and emphasis, they covered the following broad arguments: 1) it was a dishonour to the nation to carry on with the opium trade; 2) it was a hindrance to legitimate trade in British manufactures; 3) it was a barrier to the progress of Christianity in China; 4) the Pease motion made in the conference of the Anti-opium Society in November was supported; 5) the Indian government's finances should be put on a sound and healthy footing; 6) the opium trade was a moral and physical wrong done to China; 7) China should be allowed to deal freely with opium; and 8) a speedy abolition of the opium trade should be arrived at.

Apart from these arguments, six other points of contention and observation were drawn up by the Manchester District Auxiliary of the Anti-opium Society in March 1884, were put forward; most of them the government could not refute and was put into a more embarrassing position. The six points were: 1) the Indian government derived an annual revenue of £7½ million from the opium trade of which £5½ million came from the Bengal Opium Monopoly and the other two million from the taxation of Malwa opium exported from the native states; 2) provisions in the opium clause of the Chefoo Convention 'were directed to the prevention of opium smuggling. If they had been carried out they would also indirectly have enabled China to adopt other measures calculated to restrict the trade in opium'; 3) financiers even in India were beginning to

recognize the unwisdom of relying on the opium trade for revenue and the very 'prosperous conditions of our Indian finances for the last two or three years affords a substantial opportunity for adopting a juster and sounder fiscal policy, without laying any increased burden upon the people of India'; 4) public opinion as well as religious bodies were gathering strength against the opium trade; 5) representations against the trade had resulted in the closing down by the Indian government many opium shops in British Burma and also had resulted in a treaty with Korea which prohibited British merchants from importing opium to that country; China should therefore be accorded the same right; and 6) a comparison of exports of British merchandise between 1867 and 1882 to eight countries showed only a 5% increase in China, the lowest percentage when China had the densest population. The chief magistrate at Shanghai was quoted as saying, 'cease sending us so much opium, and we shall be enabled to take your manufactures.'¹¹²

It is difficult to assess accurately the degree of influence activities of the Anti-opium Society (and its supporters) had on the British government in persuading it to reach an agreement with China on the taxation of opium, which was detrimental to Indian, if not British interests and beneficial to China's. Nevertheless, a conclusion can be drawn by analysing the anti-opium movement in two ways: the movement itself and the reactions to it from the British government.

In regard to the movement itself, taking into consideration that the government was a democratic one based to a large extent on popular and public support, it may well have had a certain influence on government decisions. The fact that the movement persisted, growing in momentum and influence through the increasing support given to it by the public (such as support from dignatories like the Archbishop of Canterbury and the Lord Mayor of London), meant that it had greatly strengthened its image

and 'political' power. Votes taken in parliament on motions proposed by members sympathetic to the anti-opium cause (most of them were actually members of the society) showed that the government's margin decreased progressively every time a vote was taken. Although the government was never defeated in parliament during this period, it was defeated in June 1893, and this led to the appointment of the 'Royal Commission on Opium'. The victory was heralded by the Anti-opium Society as 'the greatest and most solid forward step that the movement for the suppression of the opium trade had yet made.'¹¹³

Arguments put forward by the society and others, despite some debatable points such as the interpretation of the 1858 and 1876 agreements to suit their reasoning, were based on moral and religious grounds, and as such were irrefutable. The slow growth of trade with China in merchandise other than opium, though dependent on many other factors totally unconnected with the trade in the drug, was conveniently used as a very forceful 'proof' in favour of the argument for the termination of the opium trade, which would then greatly stipulate British exports to China. Bearing all these factors in mind, the anti-opium movement in itself must have exerted a great deal of pressure and influence on government.

Consideration of the reactions from the British government to the movement have to depend on written statements or comments made by the various departments of the Home government and that of the Indian government. These are not abundant, but what do exist go to affirm the assertions already made. The evasive or elusive answers given by government to questions put to it by the Anti-opium Society and members in parliament on the opium trade and the opium clause of the Chefoo agreement, and the retention of Wade's report, showed that the government was not prepared to reveal the complete facts for fear of attacks from the society, from which it would be

unable to defend itself. There was a great deal of correspondence and of opinions exchanged between the Foreign Office and the India Office, the latter representing the Indian government's interests, concerning the opium trade and negotiations on the Opium Question with China during this period, and they can be partially taken as a result of pressure exerted by the anti-opium movement.

Some statements made by the government will confirm this contention. In June 1881, the Indian Office wrote to the Indian government asking the latter to re-examine the question of opium revenue. Among the reasons cited, one was the anti-opium movement in Britain: 'Although this movement is...founded to a great extent on misapprehension and even on prejudice, its importance, resting on the ability, activity and high character of those by whom it is supported, cannot and ought not to be ignored; and so long as the position of the Government of India is not perfectly unassailable, it must be expected that it will continue rather to increase than to diminish in intensity.'¹¹⁴ The reply from the Indian government was that the arguments used by the Anti-opium Society were not at all practical since there were many considerations that had been ignored¹¹⁵.

In April, the memorandum drawn up by J. Pauncefoot of the Foreign Office stated that anticipated opposition from the society on humanitarian grounds to the government's collection of likin for China would be tremendous. A 'council of war' to decide what answers to be given to the society's representations was even contemplated¹¹⁶.

Finally in January 1885, the India Office, in explaining its decision as to why it would agree to China's proposal of a joint collection of 110 taels, used the anti-opium movement as one of the principal reasons: 'the anti-opium agitation in this country, already serious and likely to be yet more formidable in

a new House of Commons, is a factor in the present question to be taken into grave consideration....should the negotiation be broken off on the question of the amount of the uniform rate, an answer would not be easy to frame; and I need not remind Your Excellency that the adoption by the House of Commons of a resolution, such as has been repeatedly moved, condemnatory of your opium revenue, would prove embarrassing to your Government.¹¹⁷ After the Anti-opium Society learnt of this decision, a congratulatory message was sent to the Foreign Office expressing satisfaction that the opium clause in the Chefoo Convention had finally been given a satisfactory alternative¹¹⁸.

All considered, the anti-opium movement in Britain, led by the Anti-opium Society, though not influential before the Chefoo Convention was signed, became a strong force in the succeeding years and is a factor that cannot be neglected in our analysis of the Opium Question¹¹⁹.

Involvement of the Chinese government with the activities of the Anti-opium Society was not very marked, though undoubtedly, a close relationship did exist between the society and the Chinese legation in London, which was headed by Kuo Sung-t'ao and then Marquis Tseng (or Tseng Chi-tse). Direct support of the activities of the society was only present in the initial years, as indicated by the communiqué that was addressed to Lord Derby of the Foreign Office by Kuo in August 1877¹²⁰. This came after Kuo had received a deputation from the society headed by Lord Shaftesbury. It also resulted in Kuo's memorials to the throne and the resultant intensification of prohibition of poppy cultivation in China.

At an earlier date in May of the same year, Li Hung-chang had written to Kuo commending the work of the society and recommending that details on the suppression of poppy cultivation in China and India

should be worked out¹²¹. Then in mid-1881 Li wrote a letter to the society, which was published in the Times, in which the moral issue was emphasized: 'Opium is a subject in the discussion of which England and China can never meet on common ground. China views the whole question from a moral standpoint: England from a fiscal... The ruling motive of China is to repress opium by heavy taxation...never the desire to gain revenue from such a source.'¹²² In early 1883 the idea of a strong deputation from China, to be headed by a Chinese official of the highest rank, to Britain to convince the British people of China's sincerity in the suppression of opium and the disastrous effects of the drug on China was contemplated; and a letter was received from the Anti-opium Society, later in the year, that such a move would allow the society to press more successfully for the termination of the opium trade. Unfortunately, such a deputation never materialized¹²³.

Apart from these 'contacts' between China and the Anti-opium Society, there was nothing else in evidence. However, deputations from the society frequently called at the Chinese legation and held discussions with the Chinese ministers¹²⁴. These, however, did not result in representations made by the Chinese ministers to the Foreign Office. This matter can be easily explained by the various plans that were being discussed in China and London. It would have been impolitic to advocate total extermination of the opium traffic whilst at the same time negotiating for a settlement of the Opium Question which would involve continued import of Indian opium.

On the whole, encouragement more than support was given to the anti-opium movement and the Anti-opium Society by China so that in her negotiations with Britain, she could use it as a powerful diplomatic lever. As the society succeeded in achieving its aims, the Chinese government also could be considered as having scored a diplomatic victory with the opium agreement of 1885.

CHAPTER 7: FURTHER NEGOTIATIONS ON THE OPIUM QUESTION 1877 to 1884.

Refusal by the British government to ratify the opium clause of the Chefoo Convention meant that conditions of the opium trade were still governed by the agreement of 1858 (Rule V). However, owing to the introduction of new factors, such as the increased growth of native opium and the establishment of the Anti-opium Society, it was impossible for the question to lie dormant as it had done after the Alcock Convention of 1869. Moreover, the British government did not reject the opium clause outright, for in its refusal it left the door open for further negotiations which hopefully would result in a settlement agreeable to both the Chinese and Indian governments. Thus, there was continued bargaining. However, negotiations were not resumed until 1879. This was because Wade had left for Britain almost immediately after the signing of the Chefoo Convention, not to return to China until mid-1879. Fraser, the chargé d'Affaires, was not officially asked to negotiate during Wade's absence. It was also due to Britain's late confirmation of her rejection of the clause. That China did not attempt to begin further negotiations could be due to her offence at Britain's unfavourable reaction to the opium clause and her concern in internal affairs.

Problems facing the negotiators

When negotiations were resumed, several problems confronted the negotiators. It would be well to look at them in some detail at this point so that a better understanding of the course of action taken during the subsequent years can be arrived at. The problems fall into the following categories: 1) the varied systems of taxation that existed in China with regard to Indian opium, and the difficulties in supervision of such collections; 2) the Chinese government did not have a definite 'opium policy' apart from hoping to obtain as

much revenue from opium as possible; and 3) the fears of the Indian government to any settlement that might result in detrimental effects to its own revenue, since the cost of running the government was very much dependent on it¹.

The amounts and types of duties and dues, and the methods by which they were collected varied in every Treaty port. There were monopolies that controlled the entire opium trade at the ports and the provincial governments received pre-determined sums in lieu of collection themselves. There were also ports where the local authorities collected the various duties and dues levied on opium after it had reached the hands of Chinese dealers. There was also the special case of Canton, where the existence of the Hoppo and his native custom-house complicated matters. Moreover, the total amount of dues collected varied from port to port and year to year, sometimes varying a few times within a year. Even where the local authorities collected the levies themselves, the method of collection, the rebate given to Chinese and foreign merchants, and the amount collected if opium was for transit purposes or for consumption within the province or port, all differed extensively.

To give a clearer picture of such differences and diversities, we can give the following examples².

In reply to two circulars asking for information on the likin on opium (circulars of 30 August 1879 and 1 November 1880), the following figures were compiled for the Treaty ports: for the year 1879, Shanghai reported that the total likin was 32.42 taels per chest with no distinction between Malwa and Patna, but there was an additional levy of 3.267 taels per chest of hai-fong tax in the foreign settlements ostensibly for the maintenance of the mixed court. At Tamsui, there were differences in the amount levied on different kinds of opium. Malwa, Persian and Turkey had to pay \$40 per picul while Benares

and Patna paid \$80 per chest. Moreover, the rebate given to the foreign importer if he paid the likin was \$6 and \$10 respectively, but only \$3 and \$5 if the native dealer paid it. At Amoy, the collection was farmed to a monopolist who guaranteed a likin of \$127.35 per chest for 142 chests every month; \$13 of that amount was to be deducted for expenses of the foundling hospital and other charitable institutions.

From the same report, a list of rates at seven different collectorates was compiled. They differed from \$127.35 at Amoy to \$41 at Taiwan, with the other ports between these two figures. The differences in the amount collected is noteworthy in that they were not exceptions to the rule in other provinces. Chinkiang's rate was 16 taels per picul, which was also the rate for all of Kiangsu and Anhwei; while Tientsin varied from year to year: in 1875 it was 32.55 taels per picul, then in 1878 it rose to 34.55 taels and dropped to 33.55 taels in 1879. For Peking, it remained the same from 1875 to 1879 at 38 taels per picul; but it was 33 taels at T'ung-chow, 10 taels at Paoting-fu and 38 taels at Mi-yun hsien - all of them in Chihli. At Swatow in 1879 the addition of a new levy brought the total to 27 taels per picul with no distinction between the various kinds of opium. Hankow's total levy changed almost every year, but in 1879 it was standardized at 24 taels per chest. Sassoon and Co. monopolized the import and paid only two-thirds of the amount, i.e. 16 taels per chest. Newchwang's likin was 32.88 taels per chest for Patna and 39.45 taels for Malwa. Chefoo collected 33 taels but there was a customary rebate of 1.2 taels. At Canton the nominal rate was 50 taels per chest but there was a rebate of 20 taels beginning in 1876; but starting in 1878, a monopoly was established for the Canton prefecture which paid \$140,000 every year to the Canton authorities. However, if opium was destined for Fukien it had to pay 12 taels per picul.

more but that to be sent to Kiangsi paid a varied additional charge of between 6 to 15 taels. Kiukiang reported a total levy of \$75.50 per picul though an increase was anticipated. At Ningpo the levy on Patna and Benares was 34 haikuan taels while that on Malwa and Persian was 37.79 haikuan taels; but there was a customary rebate of 5 haikuan taels to the foreign importer and 3 haikuan taels to the native dealer, making the total likin barely 30 haikuan taels. A monopoly was also established there which charged the same amount but added an additional incidental charge of 1.2 haikuan taels³.

Canton was different from the other Treaty ports: for opium imported into Kwangtung from Hong Kong in native junks, the native customs under the control of the Governor-General and the Hoppo would levy the Tariff duty and likin. However, the Tariff duty actually collected was lower than that imported in foreign vessels to Canton and collected by the Foreign Inspectorate. This was because of a rebate system, in varying amounts, given to junk traders by the Hoppo. Taking 1876 as an example, the total levy by the Foreign Inspectorate amounted to 62.12 taels which was composed of the Tariff duty of 36 taels, likin of 16 taels, sycee premium of 3 taels, t'ieh-hsiang (contributory levy to the Governor-General's coffers) of 7 taels and the difference of scales payable to the Hong Kong Bank of 0.12 taels. The total levy of the native customs, in comparison, was 52 taels, composed of just the Tariff duty and likin. In June the commissioner of customs managed to reduce the collection at his office to 56.12 taels (Tariff duty of 30 taels, likin of 23 taels and difference in scales charge of 12 taels) and obtained the consent of the Governor-General and the Hoppo to raise theirs to 53 taels. Still the difference of 3.12 taels between the two accounted for a larger percentage of opium passing through the native customs. Moreover,

payment at the native customs exempted the opium from further dues if it was to be transported to the interior; but that that went through the Foreign Inspectorate had to pay 6 taels per picul additional charges at both the East and West Fort barrier stations⁴.

In May 1885 an Imperial decree ordered the amount of likin on opium to be made uniform at 86 taels per picul irrespective of type, and native opium was taxed at half of this amount⁵. However, though it was put into practice and collected at most of the Treaty ports, it was possibly intended more as a lever for the immediate signing of the opium agreement than as an attempt by the Imperial government to achieve uniformity in collection of the likin.

The Chinese government, in a way similar to the British government, did not have an 'opium policy' to speak of. It wavered between two extremes: the total extinction of the opium trade (including the complete destruction of domestic production of the drug), and the gaining of the maximum advantages (financial) from the trade. These were dictated by moral and traditional considerations on the one hand, and fiscal ones on the other. Its aims were seldom clarified, since it took no initiative. This was partly because of the lack of effective control by the Imperial government over the provincial authorities, and partly because initiatives now came from leading officials rather than the government. Thus, as we have noticed earlier, memorials from Kuo Sung-t'ao and Tso Tsung-t'ang could compel the Imperial government to move towards total prohibition, but ones from Li Hung-chang and the various proposals that came along between 1879 and 1883 could also swing the government towards the other extreme. However, all considered, the direction that the government slowly moved towards was that of the fiscal side. Total suppression of the opium trade was an impossible task. Provincial leaders were unwilling to

carry out prohibition edicts to the extreme while the British government, under pressure from India, could not agree to a total stoppage of the Indian import to China. The argument for a highest possible duty on Indian opium was considered the soundest. It would not only discourage the use of the foreign product and encourage the use of native opium, thereby saving a large amount of precious silver from being exported. By the imposition of a high duty on the foreign drug, though not a prohibitive one, it would also replenish the very depleted Imperial treasury. It was the lesser of the two evils⁶.

At the same time, there was also a contest for power or political predominance amongst certain influential Chinese officials. They may be divided into those led by Li Hung-chang and those under Tso Tsung-t'ang. The former adopted the more practical approach, i.e. fiscal considerations before others; while the latter represented the conservative and moral one. However, Li Hung-chang, as Governor-General of Chihli (the capital province), the Chief Superintendent of Trade for the Northern Ports, and with his intimate connections with the Tsungli-yamen and the Foreign Inspectorate (the commissioner at Tientsin, Detring, was his confidante), was the more influential of the two protagonists. He was able to convince the Imperial government of the correctness and practicability of his approach. Thus, despite the fact that partial ratification of the Chefoo Convention put him in some sort of 'shame' because he was the one who negotiated it with Wade and had to accept responsibility for it, he was still able to emerge the eventual winner⁷. The policy of the Chinese government, therefore, was reflected in the approaches adopted by its high-ranking officials.

The problems, or rather the fears, that the Indian government faced also greatly increased the difficulties in negotiations. It has been pointed out earlier that the Indian government was very much concerned with the competition

to its drug from native opium, which began in the mid-sixties. This fear continued to increase as more native opium was produced and as its quality improved. The absence of any increase in the import of Indian opium to China was viewed with alarm. Opium revenue, derived from excise duties and profit from sales in Calcutta of Bengal opium - Patna and Benares, and from transit passes sold to Malwa opium growers, amounted to a minimum of £8 million a year, and the Indian government always budgeted its opium revenue over the £9 million mark every year. It accounted for one-seventh of the total revenue of the government, and expenditures always surpassed revenues⁸. Added to the fact that the Indian population was already taxed to the hilt, loss or even diminution of such an important source of revenue would do irreparable damages to Indian finance.

Thus all negotiations concerning the opium trade had to be entered into with much caution and restraint. Any agreement that might be arrived at must have as its first and foremost concern the financial implications to the Indian treasury⁹. In the thinking of the Indian government moral issues were totally disregarded and only practicability was stressed¹⁰. Wade had to conduct opium negotiations with the Chinese government always with this factor in mind.

With these seemingly insurmountable problems, the two governments entered into negotiations once again in 1879¹¹.

Continuation of negotiations

After a period of uncertainty, the Indian government by 1878 was able to formulate a relatively definite policy in regard to its stand over the issue of the taxation of Indian opium by China. It gave the Home government as well as Wade the necessary terms of reference for future negotiations. In January 1878 the Indian government decided that it would raise no objection to the opium clause in

the Chefoo Convention provided that the rate of local likin to be levied by the Foreign Inspectorate with Britain's sanction should be settled beforehand and restricted to approximately the rates levied at the time of the agreement¹². However, this was revised in November of the same year when, in response to memorials submitted by the Bombay Chamber of Commerce and the Sassoon companies, the Indian government included two new demands: 1) 'that an attempt should be made to obtain the removal of the prohibition at present in force against English or other foreign merchants accompanying or selling their opium in the interior of China'; and 2) 'that the transit dues on opium should be defined, and not left to the caprice of the Chinese authorities.'¹³ The first demand was probably due to the fear of competition from native opium, while the second may be considered as a reiteration of the stand adopted earlier. With these basic principles established, Wade resumed negotiations with the Chinese government promising the Indian government that it would be informed and consulted throughout¹⁴.

Negotiations were officially continued when Wade returned to Peking in July 1879, although he had conducted preliminary talks with Li Hung-chang at Tientsin slightly earlier. The first round of negotiations was short and possibly unpleasant. Li Hung-chang, who had become the official representative for the Imperial government to conduct the opium negotiations, started by accusing the British government of a lack of faith in the non-ratification of the opium clause; then he suggested that although Hart had suggested a likin of 90 taels per picul with the Tariff duty remaining at 30 taels, he was prepared to accept less, eventually coming down to 60 taels of likin. Wade made a counter offer of 30 taels and then stuck to a maximum of 40 taels. However, no solution was reached because the Tsungli-yamen instructed Li Hung-chang that China could not make such a large concession¹⁵.

Arguments used by both sides were indicative not only of the line of policy pursued but also the difficulties that the two sides believed would be encountered. Wade's arguments were based on practical methods and logical deductions. He took the amount of opium imported into Hong Kong in 1878 as the basis of reference. Of the 94,899 piculs that arrived in Hong Kong, 72,424 piculs paid Tariff duty at the Treaty ports, while the remaining 22,475 piculs were unaccounted for. Wade calculated that the average likin collected at the Treaty ports was 32.7 taels per picul, which would amount to a total of 2,377,500 taels. This would account for all the 72,424 piculs although a portion of this must have evaded the likin altogether or in part. Heavy likin levies at some ports such as Foochow and Amoy would result in smuggling and the total evasion of likin; while at other ports, only half of the official rate was collected, and at others, rebates were given or opium monopolies were in existence which provided less revenue to the local authorities. Of the 22,475 piculs that were unaccounted for, consumption in Hong Kong and exports to America, Australia and elsewhere would account for some. Some would have arrived in China by other means than the steamer to Treaty ports. The Hoppo had reported that for the financial year 1875-76, he had collected 324,395 taels on opium. This, calculating on the rate of Tariff duty, would amount to 10,813 piculs. Deducting the amount locally consumed in Hong Kong and exported to other places, there would still remain a considerable amount unaccounted for. Basing his argument on these figures, Wade made his offer of 40 taels likin per picul. Still using the figures, he calculated that, of the 72,424 piculs imported into China through the Treaty ports, China would have obtained a total of 4,550,220 taels, i.e. a Tariff duty total of 2,172,720 taels and a likin total of 2,377,500 taels added together. Of the 22,475 piculs that were

unaccounted for, 7,500 piculs could be deducted as the amount consumed in Hong Kong and exported to other places, and the remainder of 14,975 piculs would have been smuggled into China. The Tariff duty and likin on this amount would be 930,430 taels. Allowing for the Hoppo to have collected the same amount in 1878 as he did in 1875-76, the total opium revenue would be something less than 5,000,000 taels. However, if his offer was adopted, by deducting the 7,500 piculs for consumption in Hong Kong etc. from the total import of 94,899 piculs, the sum of 87,399 piculs would pay a Tariff duty of 30 taels and a likin of 40 taels. The total yield would be 6,117,930 taels - a gain of over 1 million taels annually for the Chinese government. Wade also proposed that to ensure that the amount would be collected, the Indian government would collect the likin for the Chinese government before opium left for China, and the collection would be based on quarterly or annual returns of the Foreign Inspectorate. The customs blockade around Hong Kong could also be lifted with this arrangement¹⁶.

Arguments adopted by Li Hung-chang, representing the Imperial government, were not as well defined and substantiated by statistics or calculations. He first pointed out that Wade's quotations of figures concerned only likin levied at the Treaty ports and had completely ignored inland charges which were quite considerable. (Wade had contended that these were almost totally evaded and the amount actually collected was minimal. He based this assessment on consular reports which noted the ease with which smugglers could carry opium from place to place.) Thus, the suggestion of 60 taels likin for the Treaty port area alone would be acceptable to the Chinese government while leaving inland levies to be decided by the provincial authorities. Li also pointed out that if the latter authorities were deprived of their collection on opium, this would lead to grave consequences. It was also pointed

out that collection of the likin through the Indian government would be quite distasteful to the Chinese government. Though such arguments were extremely feeble and lacked conviction, Wade was unable to impress his proposal on either Li Hung-chang or the Tsungli-yamen.

Rejection of Wade's proposal came officially from the Tsungli-yamen which said that the opium clause of the Chefoo Convention contained no provision whereby a uniform rate of likin was to be introduced at the Treaty ports. China, by Rule V of 1858, was not bound to supply the whereabouts of likin stations and likin tariff tables and its collection had absolutely nothing to do with the Foreign Inspectorate¹⁷. Then in early October 1879 the Tsungli-yamen urged that the opium clause in the Chefoo Convention be put into practice¹⁸. The first round of negotiations ended and no settlement was achieved.

Then in January 1880, Wade proposed and the Tsungli-yamen agreed, that a trial period of five years should be established at Shanghai whereby the foreign opium merchant, on importing opium to the port, would have it bonded, and upon selling it to the Chinese buyer, the former would pay the Tariff duty and the latter the likin of 40 taels per picul to the Foreign Inspectorate which would free it from all levies until the second likin barrier (the one outside the port-area). If the experiment was successful, the same agreement could be extended to the other Treaty ports, thereby providing a settlement to the opium clause of the Chefoo agreement¹⁹. This, in fact, was almost verbatim of the opium clause, and Wade thought that it might now receive the approval from other Treaty powers since Britain was the only country involved in the opium trade. Nevertheless, this arrangement was not sanctioned by the foreign representatives at Peking, and it was not carried out²⁰.

The Tsungli-yamen, at this point, adopted a line of action that not only greatly embarrassed the British

government especially with reference to its critics such as the Anti-opium Society, but also showed China's ability to utilize western diplomacy and international relations to manoeuvre to her own advantage in the international community of nations.

In November 1880, as a result of continued negotiations over the question of the limitation of Chinese migration to North America, a Treaty of Commerce and Friendship was signed between China and the United States. In the additional clauses, the second article agreed that Chinese merchants were prohibited from importing opium into the United States and vice versa, whether in ships of their or other nations. Violation of this agreement by any merchant would be severely punished²¹. This article, almost in verbatim, was included in treaties signed with Russia and Brazil²².

In 1882, the treaty signed between Korea and the United States, with the Imperial government acting as the negotiator for Korea, also contained the same article²³. In June 1882 Britain also signed a similar treaty with Korea which included the opium article²⁴. The embarrassment of its inclusion in the treaty to the British government was marked.

When Wade heard about the opium clause in the Sino-American treaty in January 1881, he called on the Tsungli-yamen asking for an explanation of the clause. The reply he received, in his words, was, 'the ministers of the Tsungli-yamen⁷ did not admit precisely that it was entirely suggested on the American side; but they said that it could be of no possible advantage to China, the Americans in reality taking but very small part, if any, in the opium trade. It was necessary that they should have something to show as gain before they surrendered any part of the Burlingame Treaty, and the Commercial Treaty now negotiated is simply a set off against the Treaty enabling the United States to regulate, in the manner

agreed, the immigration of Chinese labourers.'²⁵ This was an evasive and subtle answer to which Wade remarked (to the Foreign Office) that 'morally, the Article must be regarded, I think, as a blow given to the opium Trade.'²⁶

In July 1882, back in Britain, the Anti-opium Society seized the opportunity to ask the question in parliament as to whether Britain had signed a treaty with Korea on similar terms as the Korean-American treaty. Dilke, replying on behalf of the government, had to admit that a treaty with Korea had been signed on 6 June 1882 by Admiral Willes²⁷. What was left unsaid by the two sides was more significant.

The year 1881 was also marked by the consideration of a number of proposals. We had already seen the suggestions made by Tso Tsung-t'ang and Li Hung-chang during the middle of the year²⁸. Although they cannot be considered as proposals since there was no discussion on them between the Chinese and British governments, yet they did exert a considerable influence on the approach of the Tsungli-yamen at that time. In July the Tsungli-yamen told Wade that because of Tso's memorial, it would not be possible as yet to effect any settlement to the issue of opium taxation²⁹.

In the meantime, the Indian government also expressed interest in the five-year plan proposed by Wade, but wanted to know the exact location of the second likin barrier because if it was situated immediately outside the foreign settlements of Shanghai, the proposed arrangement would simply mean the raising of Tariff duty from 30 to 70 taels; and it asked the Foreign Office to seek more information concerning this as well as whether 40 taels was levied at Shanghai when the Chefoo Convention was concluded since its information was that only 26 taels had been levied³⁰. To these queries, Wade replied that the Tsungli-yamen was making enquiries and he had received assurances that no new likin barriers would be erected between the first and second ones existing already in 1876³¹.

While the five-year plan was still being considered by

both countries, a financier called Joseph Samuel arrived in Peking. He proposed a scheme which was regarded by Wade as having distinct possibilities in solving the overall Opium Question³². Briefly, Samuel would persuade the Indian government to become the sole salesman of all opium, including Malwa and Persian. Apart from a quota given to places other than China (such as Hong Kong, Cochin-China, Manila etc.), the whole of the balance would be forwarded to either a farmer or a monopolist in China - whether he be a Chinese or foreigner. The monopolist or receiver would become the sole salesman of foreign opium in China. He would guarantee the Chinese government a total levy of 100 taels for every picul imported which would take the place of both the Tariff duty and all other dues (including likin), and hence exempt the opium from all further taxation whether at the Treaty ports or elsewhere. The revenue so derived would be paid to the Foreign Inspectorate.

The Imperial government, possibly due to reactions from other high-ranking officials after Tso Tsung-t'ang's memorial, did not express much interest in Samuel's scheme³³, though Li Hung-chang was somewhat in favour of it. Hart, however, found it a good plan but he played no part in recommending it either to the Chinese or British governments and was not consulted on the subject by the Tsungli-yamen³⁴.

Samuel's boasting about his scheme, though receiving no encouragement or even an acknowledgment from the Tsungli-yamen, did give Li Hung-chang an idea. In September 1881 Ma Chien-chung, Li's secretary and formerly a member of the Chinese legation at Paris, was sent to India by his superior to negotiate with the Indian government on lines similar to what Samuel had proposed³⁵.

Ma arrived in India in October, having been commissioned by the Imperial government as a special envoy in July. He had two meetings with E. Baring, Financial advisor to

the Indian government, during which he outlined a scheme. It was a simple one: the Indian government should sell all the opium directly to the Chinese government and the latter would pay a fixed sum for a number of years, from thirty to fifty years, during which time the amount purchased would gradually decrease³⁶.

The Indian government did not express any opinion except noting that there would be many difficulties that had to be overcome; but mercantile communities in India raised strong objections. Messrs. Jardine, Skinner and Co., heading thirty-six other firms, in a memorial to the Indian government, said that according to the Treaty of Tientsin, opium could not be taxed until it had been carried into the interior, but China had been levying about 90 taels per picul near Hong Kong and the Treaty ports. This was the same 'as if England in working out the commercial treaty with France were to exact duty at the Tariff rate on French wines, and then prohibit their removal from the ports of arrival until taxes amounting to three or four times the import duty were paid.' Thus, a return to the treaty stipulations of 1858 (Rule V) was called for³⁷. Support to the memorial also came from the Sassoon firms in Bombay as well as the Bombay Chamber of Commerce which also forwarded a letter from a firm at the Treaty port of Pakhoi, which complained that more likin offices were being set up in Kwangtung and they were crippling the opium trade³⁸. These memorials were promptly transmitted to the India Office and from there to the Foreign Office³⁹. Possibly action was believed would be taken by the Foreign Office concerning Ma's proposal; but it went with him when he left India, and the matter was not pursued.

In the meantime, the Indian government (and the India Office), realizing the gravity of the Opium Question, began to adopt a more compromising attitude. In a revenue despatch to the Indian government in June 1881, the India

Office asked the Indian government to re-examine its opium revenue. It was reminded of a statement made by the Duke of Argyll in 1868 that, 'every effort should be made by increased economy to become less and less, rather than more and more, dependent on it [opium revenue].'⁷ Reasons for reconsidering the sources of revenue were based on two basic factors: 1) Bengal opium farmers were finding it more profitable to grow food crops rather than opium and the Indian government had to provide more monetary incentives to the farmers. This extra expenditure could only be equalized by raising the sale price. However, competition from native and Persian opium would make the increase impossible and 2) the objections from the Anti-opium Society⁴⁰. In the next year, the Indian government was informed that the Home government had adopted the policy 'to press forward as speedily as possible the negotiations for the ratification of the Chefoo Convention, which would satisfy the immediate and reasonable demands of the Chinese Government.'⁴¹

The Indian government agreed with the arguments put forward by the India Office, but also introduced new ones to argue for its case, especially against the assertions made by the Anti-opium Society. In its concluding remarks, it reiterated the fact that since substitution of the opium revenue by any other form was impossible in the near future, it would not agree to any proposal that might result in a loss of India's opium revenue. Nevertheless, it would do nothing to obstruct the ratification of the opium clause in the Chefoo Convention and would be prepared to 'consider any reasonable proposal made by the Chinese Government to increase their import duties, provided they can afford satisfactory evidence of the bona fide nature of their action, and of their ability to perform any engagements they may take, and to execute any fiscal laws which they may promulgate.'⁴² This attitude, compared to the one adopted in 1878, showed that concessions had been

made and the Indian government was willing to compromise.

Back in China, other plans were being proposed. In June 1881 a certain Ho Hsien-ch'ih, head of a group of Chinese merchants at Canton, proposed to Li Hung-chang that they set up an opium monopoly in Hong Kong and pay the Chinese government 100 taels per picul. Arrangements would be made with the Indian government - on similar lines to those proposed by Samuel. Li memorialized to the throne on 11 July about this plan and argued in favour of it⁴³. However, nothing came out of this proposal as Wade disapproved of it⁴⁴.

This was followed by the resumption of negotiations between Wade and Li Hung-chang. Li proposed that the Foreign Inspectorate collect a total of 110 taels per picul at the port of entry and the opium would be free of all other levies throughout China. If provincial officials attempt to levy extra dues they would be severely punished. However, in order to prevent any form of smuggling, an official Chinese agency would be established in Hong Kong and it would be informed by both the Indian and Hong Kong governments of the shipment and arrival of the drug. The levy of 110 taels could be collected either in Hong Kong or at the Treaty ports, and the Hong Kong government would actively help in the prevention of smuggling. If agreed to, this arrangement could be tried under provisional regulations and would replace the opium clause of the Chefoo agreement when both governments found it satisfactory⁴⁵.

Wade, however, thought that this would be too much of a levy. Li then suggested that the Tariff duty could be raised to 60 taels per picul while likin and other dues would be levied by the provincial authorities as before. Wade would only agree to raising the Tariff duty to 45 taels, a proposal which he had already suggested in the summer of 1881⁴⁶. Both parties refused to concede to each other's proposal and negotiations were again temporarily suspended.

In order to gather opinions from the provincial authorities, Hillier, Wade's assistant, was sent on a tour of some provincial capitals between August and October 1881. He saw the Governor-Generals and Governors of Chihli, Liang-kwang, Liang-kiang, Fukien and Hupeh at Tientsin, Canton, Nanking, Foochow and Hankow. The consensus of opinions he gathered was that they were in favour of a joint collection of Tariff duty and likin. The amount that was considered most appropriate was Li Hung-chang's suggestion of 30 plus 70 taels for Tariff duty and likin respectively. They were very much opposed to a monopoly scheme, despite the fact that Li was the one who very much favoured it⁴⁷.

In November, a John Pitman suggested another monopoly scheme to Li Hung-chang. It was similar to what Samuel had proposed but with the addition of a provision that would promise a certain amount of additional revenue to the Indian government for a number of years in consideration of its acceptance of the scheme⁴⁸. This proposal, however, was never taken seriously by Li.

In the autumn of 1881, Hennessy, Governor of Hong Kong, arrived in Peking, and it was alleged, he also decided to get involved in the negotiations. The allegation was suggested by two issues of the 'London and China Telegraph' (of 13 February and 21 February 1882) which asserted that an opium syndicate seemed to have been established and it would establish itself in Hong Kong to collect the opium tax there. It was further suggested that the Indian government had apparently consented to this agreement⁴⁹. These articles drew an immediate response from both the Hong Kong government and Wade. Marsh, administrator of the Colonial government, reported that during a conversation in the Executive Council, Hennessy had mentioned smuggling activities from Hong Kong carried on by Chinese junks. He had proposed a plan which would involve the stationing of some Chinese officials in the Colony who would grant permits

to Chinese junks carrying opium away from Hong Kong. The Colonial government would prevent the departure of junks without permits. Such an advantage would be advantageous to Hong Kong since the blockade would then be removed. However, according to Marsh's interpretation, this plan remained no more than something mentioned in general conversation⁵⁰.

Wade, in reply to an enquiry from Marsh, recalled that while Hennessy was in Peking in September 1881, the Governor had had some discussion with Li Hung-chang, during which he had voiced approval of the scheme advocated by Ma Chien-chung. This was all Wade knew, except that he had received some correspondence from Hance, the acting consul at Canton, which had made him suspect that there might have been an agreement between Li and Hennessy. Hance reported that on 15 December 1881 he had received from the Governor-General a request asking him to transmit to Hennessy a letter from the Tsungli-yamen, as well as a letter of greetings from himself. From the size of the package which contained these 'letters', it appeared that there would be more in it. Hance then refused the request arguing that this should be done through the minister at Peking. He learnt subsequently that the package was delivered to the Governor by a trusted staff of the Governor-General; and he was unable to obtain any information about the contents of the package. Upon hearing of this, Wade questioned the Tsungli-yamen but was told that the letter only contained a few cards enquiring into the health of the Governor and it was done out of sheer politeness. Wade considered this episode most peculiar and was convinced that something must have been done without him knowing it⁵¹.

When these were made known to Hennessy, who was on his way back to Britain after his tour of duty, he immediately telegraphed the Colonial Office from India in April 1882 that he had not been in communication with the Chinese government in any way⁵². Upon his return to Britain, he further

explained that if he had come to some agreement with the Chinese government the relevant information and documents would have been forwarded to the Colonial Office as well as filed in Hong Kong. The only proposal he could recollect was the one made to him by Ho A-mei in August 1881 but he had declined Ho's overtures, suggesting that any approach should be made through the proper channels, that is through the British minister at Peking.⁵³ The matter ended there but it had aroused the attention of the Hong Kong Chamber of Commerce which had asked that if any agreement regarding opium was to be decided upon, the chamber would like an opportunity to express its views before it was finally concluded⁵⁴.

Li Hung-chang and Wade met again towards the end of November 1881 and again for a few times in December⁵⁵. At first a review of the proposals of the past years was made and then bargaining began in earnest. Li insisted on a total joint collection of 110 taels per picul, while Wade countered with a 90 taels offer. Finally on 7 December, an agreement was reached. Upon the collection of a total of 110 taels per picul, opium would be exempted from all other dues. An official from the Foreign Inspectorate and another from the native customs would be sent to Hong Kong to inspect the amount of opium imported into the Colony, and data on its accuracy would be exchanged with the Indian government. The opium clause in the Chefoo Convention would be cancelled. Starting from this understanding, Li enquired from the Hong Kong and Shanghai Bank in Hong Kong if it was willing to act as financier. The latter replied that it was willing and detailed plans were formulated⁵⁶.

However, there appeared to be a great misunderstanding between the two negotiators, because when Wade wrote back to the Foreign Office, his proposals were entirely different from what Li had understood them to be⁵⁷. Wade reported that four proposals were now left and each could

could be considered: 1) a joint collection of 100 taels per picul - Tariff duty of 30 taels and likin of 70 taels - which would exempt opium from further levies⁵⁸; 2) the Tariff duty would be increased to 50 taels per picul and the Chinese government was still at liberty to collect any amount of likin it pleased; 3) China would buy all of India's opium and an agreement made that the production in India would be reduced yearly until it ceased completely; and 4) an English merchant would have the monopoly and all duties and dues but India would agree to cease production of opium altogether eventually.

Although there was no abrupt break-off of negotiations, the Chinese government began to think of other ways. This prompted a remark from Wade in January 1882, saying that he understood that Tso Tsung-t'ang's suggestion of a total levy of 150 taels per picul had been approved by the Imperial government, and that 'this is, of course, a mere report, but I feel none the less bound to observe that, if it be true, I foresee considerable difficulties in the way of a settlement of this Opium question.'⁵⁹ The Tsungli-yamen replied that there was a vast difference between Li Hung-chang's proposal of 110 taels and Wade's offer of 70 taels, but refused to say if Tso's proposal had really been accepted or not, except that if opium negotiations were not terminated quickly, the Imperial government would adopt Tso's proposal⁶⁰. To this Wade replied that this was a threat of little consequence since the British government would certainly reserve the right of deciding to what extent it would offer assistance to the Chinese government⁶¹. The rejoinder from the Tsungli-yamen was to the point: no threat was intended, since Wade had always said that if no settlement could be arrived at, China could take it upon herself to increase the likin or to devise some other scheme. The Tsungli-yamen, however, expressed a desire to know the British government's reply to what Wade had proposed⁶².

In a communiqué to Wade, the Foreign Office declined to accept his proposal of 100 taels and voiced its preference either for Prince Kung's proposal or to fall back upon the Chefoo agreement's opium clause. The Foreign Office argued that by accepting the joint collection of 100 taels it had the following objections: that it was a departure from Elgin's principles when he negotiated for opium's legalisation in 1858; that the risk of this sudden imposition would be a greater burden on the opium trade and the Indian government might not be able to bear it; that there was still a risk of squeeze or octroi inland, despite China's verbal assurance to the contrary; and that the Chinese government would in a few years press for another increase on 'humanitarian grounds', and this would give the Anti-opium Society more ammunition to use⁶³.

In June 1882, Wade summarized the progress of negotiations to that date rather aptly. He confided to the Foreign Office that only two ways were then open: either a monopolistic system or a joint collection by the Foreign Inspectorate. However, he believed that the latter would be more favourably considered by the Chinese government, and that it would accept likin at 70 taels per picul. This, however, should be ratified by the British government as soon as possible as further delay might lead to the Chinese government to ask for more. He based his argument on the premise that if ratification of the joint collection proposal had been done in 1881 the Chinese government would have then agreed to a likin of 60 taels. That it would not affect the Indian government, and indeed be more beneficial, was reasoned as follows: 'the greater the benefit secured to the Chinese Government from this impost, the more secure will the revenue of India be from disturbing action on the part of the Chinese Government.'⁶⁴ In fact, in late April, Wade had urgently telegraphed the Foreign Office that the joint collection of 100 taels

should be ratified immediately as Li Hung-chang had been granted a month's leave to visit his sick mother, and that this might mean Li was in disgrace and might be replaced by somebody else, which might seriously affect negotiations⁶⁵. Although the Foreign Office did not heed his warning⁶⁶, subsequent negotiations as well as the final settlement showed that Wade was correct in his observations though his judgments might have been made too quickly or emotionally for the liking of his government.

Joseph Samuel had returned to China again in March 1882, and he offered a new scheme, which occupied the attention of both the Tsungli-yamen and Wade.

Before Samuel left Britain for China on this second trip, he outlined his scheme to the India Office. Commenting on the financial losses that the Indian and British governments had suffered because of the existence of two monetary standards in Europe and China (the former was on gold and the latter used silver) in the past, he was willing to buy opium from India in gold. On the other hand, if he were to monopolize the entire opium trade (he would also make arrangements with the Persian government concerning opium from Persia) not only would the Indian exchequer gain from it but also the Chinese government. Moreover, the blockade of Hong Kong would be lifted and he might even be able to convince the Chinese government to abolish likin levied in the interior on all other western imports⁶⁷. These overtures were received with some wariness by the India Office, but Samuel was assured of its support if he could convince the Indian and Chinese governments the feasibility of his scheme. £500 was even given to him to defray expenses of his journey to India and China⁶⁸. However, the Home government did caution Wade that Samuel had no connections with either the British or Indian governments, and that if his scheme was to be accepted by the Chinese government, the official proposal had to come from China⁶⁹.

On his way to China, Samuel stopped over in India and managed to convince the Indian government the value of his scheme. Charles Grant, secretary to the Indian government, wrote a letter to Wade, which Samuel brought with him personally to China, saying that the Indian government was prepared to consider any proposal that the Chinese government might make in connection with Samuel's scheme⁷⁰. Samuel then proceeded to China. At Peking he discussed possibilities with both Li Hung-chang and Wade, although he refused to disclose any details of his scheme⁷¹. Reaction from both men was one of approval, and they allowed him to proceed. In June 1882, Samuel submitted his scheme in writing to Governor-General Chang Shu-shen⁷².

The scheme now proposed was similar to his first one of 1881, except that he would now pay a total of 100 taels per picul and would guarantee an import of 90,000 piculs a year. However, he wanted to be appointed by the Chinese government as a special opium manager and his position would be announced to the British government. As an assurance to the Chinese government, he pointed out that his scheme had received approval from the British government which had agreed to put it on trial for a five-year period.

Reaction from the Tsungli-yamen was ambiguous. On the one hand the Tsungli-yamen reported to the throne that Samuel's scheme, though similar to the one Li Hung-chang had proposed, sounded satisfactory. With the increased activities of the Anti-opium Society, this could be used as the first of a series of agreements to prohibit the opium trade. However, the drawback was that Samuel's offer of 100 taels was identical to Wade's offer, but below both Tso's and Li's suggestions, 150 and 110 taels respectively. The British government might not accept the scheme. That a foreigner should be allowed to monopolize the opium trade in order to put a stop to

smuggling and duty evasion would be the same as 'while rejecting a suitor, yet at the same time allowing his emissary to enter.' It would be a very unwise move and acceptance of the scheme should definitely not be entertained. Wade, therefore, had been asked to seek further information from his government as to whether a central opium collection-distribution office could be voluntarily established in India. If approved, further negotiations on a combined duty and regulations for a trial period could be conducted⁷³.

On the other hand, Hart was summoned to the Tsungli-yamen and was told that Samuel's scheme was satisfactory except that China could not appoint him in the way he had wanted. An alternative method was suggested to Hart. The Tsungli-yamen would officially inform Wade that China had decided to accept his proposal of 100 taels on a joint collection basis, and he could then officially inform his government, but while doing this, he could suggest a scheme that would put all the opium trade under one organization. Wade should strongly recommend such a monopoly arguing that consent of other Treaty powers was not needed, ships of other nations could not carry opium to China and claim the old rate, and it would also protect British government and mercantile interests. Wade would then suggest that Samuel had such a scheme in mind which could become effective on 1 January 1884. Hart was to transmit this idea to Wade, but also to inform him that if the British government refused the scheme, then the proposal of the acceptance of the 100 taels joint collection by the Tsungli-yamen would be automatically cancelled⁷⁴.

Then in a meeting with Wade three days later, the Tsungli-yamen suggested that although they approved of Samuel's scheme in principle, the difficulty was in the issuance of a commission to Samuel. It suggested that if the British government were to issue the commission to him first, the Chinese government would follow⁷⁵.

In a subsequent meeting nine days later, Wade was

informed that an Imperial decree had been received which said that the desire by China to increase the amount of levy on opium was mainly to 'reinforce the redeeming work of the Anti-opium Society', and was by no means exclusively for the 'sake of additional revenue. Arrangements would be favourably considered if an annual diminution of the opium trade were included. Commenting on Samuel's scheme, the decree noted that it differed very little from what Wade had already agreed as to the amount of duty. China could not officially appoint Samuel since this would be 'unbecoming the dignity of the administration' and unacceptable to China. An alternative would be for the British government to establish a merchant-farmer, or even appoint Samuel to the job, and the Tsungli-yamen and Wade could resume discussions. The Tsungli-yamen finally asked Wade if his government had agreed to his proposal of 100 taels joint collection⁷⁶.

This policy adopted by the Tsungli-yamen is worthy of note. The basic motive could be partly due to the fear of hostile reactions from anti-opium officials such as Tso Tsung-t'ang if Samuel's scheme was adopted; but it was more likely a diplomatic manoeuvre to force the British government to accept the 100 taels joint collection proposed by Wade. No matter how such actions are interpreted, it will show, on the one side, the element of morality and anti-opium feeling prevalent in China, and on the other, the acquisition of techniques of western diplomacy.

In fact, Wade very much believed in what the Tsungli-yamen had to offer as an alternative, and he telegraphed the Foreign Office seeking immediate approval⁷⁷. It was not forthcoming; instead, he was summoned back to England to 'give such explanations as might be necessary to enable the British government to arrive at a conclusion on the merits of the various schemes proposed for the settlement.'⁷⁸ But within the Home government, the India Office, with support from the Indian government, was very

much for carrying the scheme (Samuel's) into effect because it had four distinct advantages: 1) it would or might help the government against the agitation from the Anti-opium Society; 2) it would obviate foreseeable difficulties with other Treaty powers; 3) it would break down the likin system in China and perhaps open the road to new markets for general merchandise; and 4) it would most probably relieve the financial distresses and uncertainties of the Indian government⁷⁹. For a change, the Foreign Office's reaction was one of caution. It wanted to know if Samuel really had the financial backing he claimed he had. If he could not prove it conclusively, it would be best to consider other alternatives which had been proposed, and upon reaching an agreement, the other Treaty powers could be asked to accept it⁸⁰.

When Wade left China for Britain, negotiations shifted to London and the last phase of the protracted bargaining began there.

Continuation of the blockade, 1877 to 1884

In the years between the Chefoo Convention and the signing of the Additional Article, the blockade issue at Hong Kong became less significant in the Opium Question. This was partly due to the weight given to settlement of the question of taxation of Indian opium, and concern in the increased growth of native opium; but it was also due to a decrease in the number of complaints about the blockade from the Hong Kong government and the merchants. Nevertheless, it was still an integral part of the Opium Question and attempts were made locally as well as in London to solve it. However, the final solution did not come about until after the major issue of the Opium Question was settled. The blockade of Hong Kong during this period, therefore, should be regarded as an important issue of Sino-British relations in its own right.

For the sake of clarity, this period will be discussed under three headings: 1) continued cases of seizure and

complaints; 2) negotiations to solve the issue both locally and in London; and 3) the appointment of an opium commission in Hong Kong to look into the alleged grievances and devise a solution.

Seizures and Complaints

The effectiveness of the blockade by the customs stations and cruisers prompted smugglers to adopt drastic measures. Instead of making feeble and mostly unsuccessful means to evade the revenue cruisers and stations, wholesale smuggling was carried out by vessels which were specially constructed and equipped to run the blockade. They were built for fast sailing and were very heavily armed so that they could fight if necessary. Moreover, if they were defeated by the revenue cruisers, they could seek sanctuary in Hong Kong waters⁸¹. Such conflicts were very frequent. In a memorandum to the Colonial Secretary in June 1877, the acting Captain Superintendent of the Hong Kong Police described one of these occurrences: 'A case of this sort occurred in November last outside the Kap-shui Mun pass, in which three or four junks, after exchanging fire for some time with the steamer P'ing-chao-hoi, sought refuge in this harbour, where they lay for several days in order to recover from the damage which men and boats had sustained in the engagement.'⁸² Consul Robertson, while on a visit in Hong Kong, also agreed with the report⁸³. Governor Hennessy, in an attempt to ensure that such occurrences would not blemish the reputation of Hong Kong and pose a problem to relations between the Colonial and Canton governments, re-enforced Ordinance No. 6 of 1866, and he was able to report that such an action had resulted in the lessening of organized smuggling and had led to an improvement in the trade of Hong Kong⁸⁴.

Such an understanding, however, was reached also because of an incident in October 1876, which resulted from an armed smuggling attempt. On 29 of that month, a

Hong Kong-based junk with several hundred balls of opium on board attempted to run the blockade. It was chased into colonial waters by a revenue junk belonging to the provincial authorities, and it went aground at Cape A'guilar. The owner and his crew, after exchanging some shots with their pursuers, escaped to the lighthouse at the cape, where they successfully obtained protection from the police there. The crew of the revenue junk towed the junk with its cargo back to Chinese waters, and later officially confiscated it. When the incident was reported to the Hong Kong government, both the European police officer-in-charge at the cape and by the owner of the seized junk, it was decided that strong representations should be made since the junk was seized in Hong Kong waters. Robertson was asked to obtain from the Governor-General both the junk and its cargo of opium as well as a sincere apology for the incident⁸⁵.

When after two months no reply to the demand was forthcoming, the Hong Kong government addressed a strongly-worded despatch to Robertson, urging him to further clarify the matter with the Governor-General since the latter had admitted to the revenue cruiser's violation of Hong Kong territory and insisted on an immediate apology and the return of junk and cargo. The Colonial government also pointed out that in the initial protest to the Governor-General, Robertson had only described the violation as a 'disrespect to the dignity of the Government of Hong Kong' as though it were only a matter for colonial concern and not for the British government⁸⁶. This was also communicated to the Colonial Office, suggesting that if the demands were not complied with 'the Government of Hong Kong would proceed to put in force all the restrictions which they could legally bring to bear against the revenue cruisers in their connection with this Colony.'⁸⁷

The Colonial Office commented that by treating the violation as merely a matter of colonial concern, instead

of Imperial, was worse than when the Foreign Office concerned itself with similar cases at Gibraltar. It regretted that firmer language had not been used in 'so flagrant an outrage upon British soil.' These comments and all related documents were communicated to the Foreign Office which immediately telegraphed both Robertson and Fraser that strong representations to the Chinese government must be made⁸⁸.

In the meantime, Robertson had obtained from the Governor-General a sum of \$200 for the value of the junk, the return of 660 balls of opium (though the owner had claimed 771 balls but Robertson believed it was an over-demand) as well as a full apology. He had advised the Hong Kong government that the matter should be regarded as settled⁸⁹. Hennessy, in fact, was quite satisfied with the settlement and even commended Robertson for his 'earnest and successful representations to the Viceroy,' and which had contributed so much to the present cessation of complaints about the so-called Blockade of Hong Kong.⁹⁰

Nevertheless, the violation was considered serious enough to warrant a representation at Peking. In September 1877 Fraser addressed a note to Prince Kung on the lines laid down by the Foreign Office. He pointed out the seriousness of the violation which could have led to intervention by the British navy and a worsening of Anglo-Chinese relations⁹¹. To this, Prince Kung replied most aptly: he pointed out that revenue cruisers were used to effect the capture of vessels and merchandise concerned in smuggling transactions, but because of the present incident, he had directed the provincial authorities at Canton to consider the framing of regulations that would 'provide for an effectual and well-considered mode of action.' He reminded Fraser, however, that the Chefoo agreement had provided for the appointment of a commission that would establish a system 'that may enable the Chinese Government to protect its revenue without prejudice to the

interests of the Colony.' He advocated that such a commission should be appointed without any delay in order to see an improvement of relations between Hong Kong and Canton⁹².

The subsequent years saw a number of other seizures, though they never reached the magnitude of this particular one⁹³. This could possibly be due to Britain's embarrassment over its non-ratification; but it was also due to a comment made by the Colonial Office when this incident was settled. Remarking on how the affair was conducted by the Colonial government, the Colonial Office criticized the two Hong Kong marine magistrates for neglecting their duty in not punishing the junk owner for violation of Ordinance No. 6 of 1866. They should have either dismissed the case for want of evidence, or have formally convicted the owner if they were satisfied with the facts. That they deemed his testimony satisfactory for the Hong Kong government to ask the Chinese government for redress, and yet not convict the owner, was most extraordinary⁹⁴.

Between April 1879 and June 1880, there were recorded ten seizures of Hong Kong junks by Chinese customs cruisers, which were supposed to have taken place in Hong Kong waters. Although representations in most cases were made to the Canton authorities by the consul there, yet they were all dismissed either due to a lack of evidence, a prompt denial by the Canton government, or conviction of the complainants by the Hong Kong government on grounds of violation of Ordinance No. 6 of 1866. From the settlement of these cases of seizure, it is obvious that a mutual agreement on toleration of each others' activities and the giving of 'the benefit of doubt' had been reached between the Hong Kong and Canton authorities⁹⁵.

In 1881 and 1882 there were only four recorded incidents of some importance, in that they received the attention of the Colonial and Foreign Offices. The

spirit of compromise, however, was still present.

On the evening of 26 November 1881, two revenue cruisers, while patrolling in the area of Cheung-sha wan, had captured a junk laden with about 5,000 catties of undeclared salt. While the revenue officers were proceeding with their investigation, they observed a 'hakka boat' nearby and ordered it to lower its sails. However, the revenue cruisers were fired upon and one was damaged. Fire was returned and some persons on board escaped to Hong Kong by swimming. When the junk was boarded, eight persons were found including a wounded person who subsequently died and was identified as the owner, and two German nationals. A quantity of undeclared opium (8 balls), three foreign guns and four packages of bullets and other weapons were found. The junk was taken to the yamen of the Nan-hai magistrate and the Germans were then released to the German consul upon finding them not implicated of the attempted smuggling because they had only rented the boat for a shooting excursion. Subsequent to this incident, Hance, acting consul at Canton, was asked by the Governor-General to inform the Hong Kong government 'to impress upon British subjects of all classes who may hereafter hire native boats the absolute necessity of ascertaining clearly before they start that their boat is carrying no contraband goods. In making this request, the Viceroy's motive is simply dictated by a desire to afford adequate protection to all foreigners.'⁹⁶

On 7 April 1882, a sampan while ferrying a passenger from Shaukiwan to Lyeemoon was fired on by a revenue cruiser, killing the passenger. The boatwoman, the only other person on board, testified that revenue officers then boarded the sampan and searched for opium but could not find any. They then put her ashore on an uninhabited island, cast her sampan adrift and left. She was rescued the next day by a passing fishing junk and then made her complaint to the Hong Kong government. However, she was

unable to identify the revenue officers responsible for the incident and could not prove also that the incident had happened in Hong Kong waters. Thus, though the Canton consul was informed of the case, no action was taken⁹⁷.

Then on 12 June 1882, a 'hakka boat', the 'Law Kwong-li', while sailing from Yaumati to Tung-kun city with a cargo of saltpetre and sulphur was ordered to stop by the revenue cruiser 'Him Yui'. Upon being enquired about the contents of the cargo, the owner declared that it was salt fish. A search was ordered, and when this was refused, the boat was fired on, killing two crew members. The owner and the remaining crew swam to Lamà island and safety. The Hong Kong government decided not to take up the owner's complaint, firstly because he had left the Colony after he had lodged his complaint, secondly because when his boat left Yaumati it did not have a clearance as required by Ordinance No. 8 of 1879, thirdly because the boat was not registered in Hong Kong, and fourthly because the allegation that the incident happened in Colonial waters was unlikely⁹⁸.

At an earlier date in April (but the incident was only reported in December to the Colonial Office when investigations were completed) at A Kung Ngam in Hong Kong waters, a small boat was searched by a revenue cruiser and in the process a Chinese was shot dead. When Hewlett, the newly-appointed consul at Canton, made representations to the Governor-General on behalf of the Hong Kong government, he was told, after an inquiry had been conducted, that no such incident was on record in the native customs' register. Though Hewlett considered this as a very serious incident, lack of further evidence meant that it could not be pursued further⁹⁹.

Although in these incidents no action was taken by the Colonial government, yet Marsh, the administrator, in reporting these incidents to the Colonial Office, commented that they were illustrative of 'the mode in

which what is called the Blockade of Hong Kong is carried on by Chinese Revenue Cruisers! This could well be taken to mean the innate hostility the Hong Kong government had against the activities of customs cruisers and against the blockade in general¹⁰⁰.

On looking at these incidents, casting aside the consideration whether the reports made by either the Hong Kong or Canton governments and those from the parties directly connected with the seizures were wholly accurate or not, it becomes apparent that a new system of smuggling had developed but, at the same time, response from the preventive service had also changed and strengthened¹⁰¹. It was natural that these resulted in fatalities when the two sides clashed. This factor became partially responsible in renewed negotiations to settle the problem of smuggling from Hong Kong and thereby provide an alternative to the blockade.

Negotiations to solve the blockade issue

On his way back to Peking from London, Wade stopped over in Hong Kong to meet the government and merchants to discuss possible solutions to the blockade question, since both the suggestions made by the Governor-General and ex-Governor Kennedy had been rejected by the new Governor, P. Hennessy. In two meetings with representatives from the Hong Kong Chamber of Commerce in March and April of 1879, the positions adopted by the chamber and Wade were made plain¹⁰².

The merchants, before listing their grievances and arguments, first complained about the lack of concern and consideration afforded them by the Colonial Office, and especially about the fact that the blockade question was still nowhere near solution. Referring to Elliot's proclamation of 1841 declaring Hong Kong a free-port, and strengthened by article 44 of the Treaty of Tientsin, which confirmed the privileges of British subjects in Hong Kong could claim, they argued that the work of the three customs stations and the revenue cruisers which interfered

with the junk trade was in violation of treaty stipulations, and their actions are, if not illegal, at variance with the usage of nations. It was also alleged that the revenue cruisers neither belonged to nor were commissioned by the Chinese government, but were merely under the authority of the Hoppo, whom the merchants contended was not a Chinese official. Moreover, apart from exercising surveillance immediately outside of HongKong waters, revenue detectives were actually stationed in Hong Kong, causing endless harassment to junk traders and resulting sometimes in impersonations by criminals of the Colony. Thus, quoting articles 24 and 25 of the Treaty of Tientsin, which called for import and export duties to be levied on the landing and shipment of goods, and that no higher duties could be levied than those laid down in the treaty tariff, the levy of dues by the customs stations were considered illegal. Finally, the blockade had greatly retarded the commercial development of Hong Kong and had resulted in a low Chinese population: even Singapore had a population of 100,000; Hong Kong had 130,000, but the Colony should have had many more if they had not been scared away by the blockade. An extravagant rise in the price of daily staples such as fuel was also noted as a result of the blockade. What the merchants suggested as a remedy was in essence to 'let the Chinese collect their Duties at the Port of Shipment and at the Ports where goods are received; and if the Chinese cannot collect their Duties as every other civilized country in the world collect theirs, let them go without it.'¹⁰³

To these allegations and arguments, Wade was unsympathetic. He agreed that the blockade did affect the prosperity of Hong Kong, but disagreed with the merchants' reasoning. He argued that Elliot's proclamation of 1841 could not be considered at all, since there was no treaty with China at that time. In Pottinger's treaty with China in 1842, Hong Kong was ceded to Britain but there

were no stipulations concerning Hong Kong's commercial relationship with China. In the supplementary treaty signed the following year, articles XIII, XIV and XVI¹⁰⁴ concerned such a relationship but they were restrictive, in that junks could only trade with the five Treaty ports and no other place. The Treaty of Tientsin made no mention of the junk trade in any of the articles. Therefore, it was perfectly within the rights of the Chinese government to levy whatever dues it wanted on the junk trade. To the merchants' argument of the illegality of the blockade based on articles 24 and 25 of the Treaty of Tientsin, Wade retorted by saying that these articles only applied to goods carried in foreign bottoms and had no relevancy to the Chinese junk trade. He also said that the Hoppo was an Imperial official and that the revenue vessels were officially commissioned, while impersonators, if any, could be easily dealt with by the Hong Kong police. Finally, Wade summarized his position: 'I see no escape from this [the blockade] unless the Colony is prepared to suggest some arrangement which the Chinese Government will accept as an effective substitute for the present cordon. If a system of collection can be devised in which, by the co-operation of the Colony, the amount of revenue fairly due, agreed to be due, upon that trade, can be otherwise secured to the Chinese Government, a first step, at all events, will have been made towards abatement of the evil complained of.'¹⁰⁵

Governor Hennessy agreed with Wade's attitude, and possibly as a response to Wade's contention that Hong Kong must be the first to suggest an alternative to the blockade, made his proposal in late May 1879. These consisted of a set of five rules and principles to control the junk trade: 1) that the Chinese customs stations be abolished; 2) that the revenue cruisers cease to overhaul junks that had cleared from Hong Kong or that were bound for Hong Kong; 3) that junks trading with Hong Kong pay duties only at the port or place of entry or of clearance in China according to the published tariffs at those places

except salt, opium and munitions of war; 4) that as regards salt and munitions of war, they were not to be exported from Hong Kong except to the Chinese authorities or to lawfully appointed Chinese agents; and 5) that opium was not to be exported to China in any junk that has not a clearance paper to show that the Tariff duty had been paid to a lawfully appointed agent of the Chinese government¹⁰⁶. Wade, and later Hart, supported this proposal; and opium merchants in Hong Kong, such as Belilios, also agreed to it in principle. The influential Chinese merchants in the Colony, the Nam Pak Hong group, which were only involved in legal trading, also gave their support.

Reactions from other merchants and the Home government, however, were not favourable. H. Lowcock, a member of the Hong Kong Legislative Council, who was in London when Hennessy's proposal arrived at the Colonial Office, was asked to make his comments on it. He acceded to the first three rules, but remarked that the last two 'would almost lead to the supposition that the entire scheme proposed as the basis of settlement had emanated from the Haikwan Hoppo himself.' In view of this China would gladly accept such a bribe but it would be most injudicious and undesirable to Hong Kong. Then he reiterated arguments that had already been made by the Hong Kong Chamber of Commerce, and concluded by saying that his views would represent the Hong Kong mercantile community¹⁰⁷. In reply, the Colonial Office expressed sympathy to Hong Kong's sufferings under the blockade, but pointed out that there was nothing the government could do since the revenue stations and cruisers were in Chinese waters, and that Elliot's proclamation was invalid as an argument¹⁰⁸.

When Lowcock's views were referred to Hennessy, he immediately rejected the contentions saying that such were not representative of the views of the mercantile community. Kwok a Cheong, who owned the largest fleet of steamers in

Hong Kong, had expressed support of the proposal (Hennessey's), and such a view was more accurate. Hennessey then blamed the attitude of the Colonial Office, which, he contended, had adopted the views of such person as Lowcock, which were grossly distorted, for the lack of settlement of the blockade question. The Colonial Office acceded to his statements but pointed out that the junk trade and that, in foreign bottoms were closely inter-related¹⁰⁹.

Nevertheless, the Colonial Office rejected Hennessey's proposal by reasoning that it would introduce Chinese customs officials to Hong Kong and the collection of China's dues on British territory. Furthermore, since smuggling would not cease, 'the Colonial Government either has to undertake the watching for Chinese smugglers or to permit the uncontrolled evasion of new laws which you Hennessey propose to enact. The first of these contingencies would involve the Colony in expense and would throw upon the government a responsibility which it is inexpedient to assume; and in the other event constant complaints from the Chinese authorities would be inevitable, and would in all probability in no longer time be followed by a renewal of the present system of blockade.'¹¹⁰ The Foreign Office also believed that the proposal would not be accepted by the Chinese government since it would be haphazardly compared to its own. Moreover, because smuggling would definitely continue, the proposal simply would result in the substitution of the Chinese blockade by a British one, and it would definitely lower the dignity and prestige of the Hong Kong government in the eyes of the Chinese community¹¹¹.

Before Hennessey received the Colonial Office's rejection of his proposal, he had framed another one. This was to extend Hong Kong's 'Opium Ordinance in the direction of the Straits Settlement's Opium Ordinance, which according to Hennessey's interpretation, would satisfy the Chinese government and would set free the junk trade in all articles

including opium, salt and munitions of war. (The Straits Settlement's Opium Ordinance was basically a law that regulated the import and export of opium in the interest of the opium farmer there. However, what Hennessy envisaged was to extend the system so that no vessel would be allowed to land salt, opium or munitions of war at any place on the coast of China unless furnished with a permit, obtained in China from officers of the Chinese government. Such permits would allow vessels to go to Hong Kong and load these articles for shipment to places in China specified on the permits. The Hong Kong government would not allow vessels to clear for Chinese ports unless such permits were shown, which would mean that Chinese duties had been paid in advance in China)¹¹².

The Colonial Office forwarded this new proposal to the Foreign Office asking for its observations, but remarking that 'it has not hitherto been found practicable to find any satisfactory solution of the difficulties for which Mr. Hennessy has now suggested a fresh remedy and it may become necessary to resort to measures which would not be thought desirable in an ordinary case.'¹¹³ To this, the Foreign Office reiterated in almost the exact words its reply to Hennessy's first proposal, only adding that since Wade was engaged in negotiations at Peking, the Governor, as he himself had suggested, should not start direct negotiations with the Governor-General of Liang-kwang¹¹⁴. The Colonial Office forwarded this despatch to Hennessy without adding any comment¹¹⁵.

Wade in fact did start to negotiate with the Tsungli-yamen in November 1879. He asked Prince Kung to instruct Liu K'un-i, Governor-General of Liang-kwang, to look seriously into the question of the continuation of the blockade in the light of the vast expenses involved and the minimal advantages so accrued. However, the reply from Kung was curt. He said that in a previous discussion when the matter was brought up, such instructions had been sent

implying that there was no need to repeat them again¹¹⁶.

Negotiations in China ended after this date, not to be renewed until after 1885. However, in London, in July 1882, Marquis Tseng brought up the subject of the establishment of a Chinese consul at Hong Kong. He remarked that the absence of any efficient channel of communication between the Canton and Hong Kong authorities had made the appointment of a consul necessary. This was especially so since there was a large number of Chinese subjects either residing in the Colony or constantly go there. He also suggested that the special geographical position of Hong Kong in its relationship with the Chinese mainland should also be considered as an important factor. The time was also opportune since Sino-British relations had reached a new level of amicability¹¹⁷.

The Foreign Office, after reviewing the history of the Chinese consul issue since the Alcock Convention, believed that Tseng's request was a justifiable one and asked the Colonial Office for its opinion¹¹⁸. The Colonial Office's reply was that Hong Kong would definitely object since the blockade was still in existence, and the request should be deferred until a new governor had been appointed to succeed Hennessy¹¹⁹. The Foreign Office then informed Marquis Tseng that the Governor of Hong Kong was on a leave of absence and that a new governor might be appointed in early 1883 and the question could be brought up again at that time¹²⁰. The matter, however, was not brought up again by either side, since negotiations for the settlement of the overall Opium Question were soon to begin in earnest in London.

The Opium Commission of 1883

In December 1882, as a result of the address made by ex-Governor Hennessy in Britain in which he alleged that there was a grave smuggling problem at Hong Kong¹²¹, at the Legislative Council's meeting in Hong Kong, F.B. Johnson moved a resolution that 'In the opinion of this

Council it is desirable that a Commission should be appointed by His Excellency the Administrator to enquire into all the circumstances attending the smuggling of opium and other goods from this Colony to the Mainland of China, and to make a report thereupon to His Excellency, the Commission to be empowered to take evidence from Colonial Officers and from such other qualified persons as may be willing to appear before it.' The motion was seconded by the Colonial Treasurer. Marsh, the Administrator, conceded by appointing Sir George Phillippo, the Chief Justice, J. Russell, the Treasurer and Registrar-general, P. Ryrie and F.B. Johnson, both members of the council, to form a commission on 30 December 1882. In a despatch to the Colonial Office to seek its approval, Marsh explained that the commission might be able to obtain some important information, especially from Chinese residents and hopefully from commanders of some of the Chinese revenue cruisers. This would be extremely valuable since the information of which Hong Kong government was in possession was both 'insufficient and contradictory.' Approval was given by the Colonial Office, and when the Foreign Office was consulted, it left the decision entirely in the hands of the former claiming that it was not the concern of the department¹²².

The commission met for its first sitting on 10 January 1883 and after nine more meetings, the last being on 6 August 1883, a report, finished on 1 September 1883, was submitted to Governor Bowen¹²³. Copies were sent to the Colonial Office on 10 November 1883, which transmitted one to the Foreign Office on 7 January 1884¹²⁴.

The commissioners used evidence supplied by the Harbour Master's department and the Police, interviewed officials from these departments, and obtained additional information from voluntary witnesses who had come forward after an invitation was made to the public through the Government Gazette (Notice No. 42 of 3 February 1883). The

witnesses included opium merchants Sassoon and Belilios, an official from a steam-boat company and a Chinese opium smuggler. Their testimonies etc. were compiled into the following conclusions written into the report: '(a) Residents in the Colony, other than Chinese, are not concerned directly or indirectly in the practice of smuggling. (b) Vessels under foreign flags are not engaged in the smuggling trade, and there is no evidence...tending to show that either the officers or crews of such vessels take any direct part in contraband traffic, although it is not improbable that in some cases the employes accept consideration for concealing their knowledge, that Chinese passengers smuggle Opium by steamers entering at Chinese ports. (c) Smuggling from this Colony into China is carried on wholly by Chinese, and is with inconsiderable exceptions limited to 1. opium, 2. salt and 3. saltpetre, sulphur and munitions of war. The difficulty of evading the numerous Revenue Stations by transport across country of bulky goods, otherwise than along usual and guarded routes, and the effective "blockade" which the geographical position of Hong Kong enables the Chinese authorities to maintain, both combine to render the smuggling of general merchandise unrenumerative.'

In regard especially to opium, the commission commented as follows: 'By far it is taken by Chinese junks to non-Treaty Ports though some go to Macao, and dues collected by customs stations or recently collected in Hong Kong.... Evidence leads to the following conclusions: 1. That no special class of boats or junks is employed in the smuggling of opium, or is fitted out in the Colony for the purpose of such smuggling. 2. Customary for junks to carry some arms and some smugglers might be armed a bit more but none have come to the notice of Police that are so armed as can engage successfully the revenue cruisers. Salt junks are more heavily armed and they tend to smuggle opium. 3. Could not find any case of "Naval Battle" fought within the waters of Hong Kong or in sight of Hong Kong. It is

only revenue cruisers who do the shooting outside of Hong Kong waters and those wounded are smugglers. In effect, smuggling of opium is carried on mainly by attempts at concealment in ordinary trading junks, by Chinese passengers in Foreign steamers trading to Treaty Ports, and by small boats which seek to evade the Cruisers and Customs Stations under cover of night.'

Under the section called 'General Remarks', the commission made the following two recommendations: '1. That the Chinese Government should be called upon to verify the status of the so-called Revenue Cruisers....2. That the gathering together of unauthorised armed Bands in British territory, for any purpose whatever, should be prohibited.'

This report, compared with the one prepared by the commission appointed in 1873 by Governor Kennedy, shows a marked difference. Instead of indiscriminately denying the existence of any smuggling activity from Hong Kong, the report admitted that there was smuggling although it was not carried on in a large way as Governor Hennessy believed it was. Although some facts emerged to prove that ~~revenue cruisers and revenue officers~~ sometimes did violate Hong Kong laws, yet it was acknowledged that they were under strict directions from the Canton authorities. The blockade was not condemned as it was before; instead, possible remedies were suggested and co-operation from the Hong Kong Government to prevent smuggling was anticipated. The report, therefore, showed a spirit of compromise and understanding. This was in keeping with the cordial relations that had been established between the Hong Kong and Canton authorities after the departure of Governor MacDonnell. Although the report did not have any immediate effect on the outcome of negotiations at London, it could well be considered as the first step in the right direction by a quasi-government commission that paved the way for the ultimate conclusion of negotiations that ended the blockade in 1887.

The Colonial Office also reacted favourably to the report, especially its two recommendations. With regard to its second recommendation, Governor Bowen was instructed to take steps to give effect to it, which was done with the introduction of sections 3 and 4 of the Peace Preservation Ordinance of 1884¹²⁶. At the same time, the Foreign Office was also requested to make representations to the Tsungli-yamen. In a despatch to Parkes, Britain's new minister at Peking, he was directed to 'urge the Chinese Government to comply with the wishes of the Hong Kong Government and to verify the status of such of the Revenue Cruisers as belong to the Imperial Navy or officials.'¹²⁷ When this request was made in mid-May 1885, the Tsungli-yamen agreed to forward a list of cruisers and their officers to the Hong Kong government¹²⁸; and Bowen was also instructed to verify the list with the Canton consul¹²⁹.

What the commission had recommended were put into effect and further diminished the chances of conflict between the Hong Kong and Canton authorities. Nevertheless, final settlement of the blockade question had to wait until the question of the taxation of foreign opium was first solved.

CHAPTER 8: FINAL NEGOTIATIONS AND SETTLEMENT OF THE OPIUM QUESTION:

Final negotiations and the Additional Article

When Wade was recalled to London in August 1882 to explain in person the progress of his negotiations with the Tsungli-yamen, he had already outlined the two proposals that were the most feasible, out of ten or eleven plans that had been submitted. These were the joint collection of Tariff duty and likin to the amount of 100 taels, and a monopolistic scheme as the one suggested by Joseph Samuel. To these the Foreign Office had raised objections but decided that the matter should be referred to the India Office so that the Indian government could make a decision. In late November 1882, the Foreign Office asked the India Office to consider two alternatives: 1. the execution of the opium clause in the Chefoo Convention; or 2. the joint collection of Tariff duty and likin of 100 taels per picul by the Foreign Inspectorate. It was also pointed out that acceptance of the first alternative would result in Britain having to obtain the consent from other Treaty powers, while the second alternative would put this duty on China's shoulders¹.

The reply from the India Office came in mid-January 1883. Having consulted the Indian government, it was decided that, 'the result may be a considerable loss of Revenue to India, but the Indian government is willing to accede to either course proposed in view of the importance of arriving at a Settlement of the question.' Both the India Office and the Indian government believed that the first alternative would not have much chance of acceptance by the Chinese government at the present stage since likin at the provinces had greatly increased. However, if a settlement was reached on this proposal, the amount of likin should be the same as those levied in 1876. As for the second alternative, despite apprehensions which had been expressed before, the Indian government would also agree to it if

the Foreign Office thought this was the more preferable one. However, it noted that, 'whichever alternative is accepted by the Chinese Government...a maximum and not an absolute rate should be agreed to, the Chinese Government being thus left free to diminish the stipulated rate should they think fit to do so in the interests of their own Revenue.' It also suggested that in view of the necessity for a speedy settlement, the British government should aid China in obtaining the consent from other Treaty powers².

This was the go-ahead signal that the Foreign Office had wanted, and on 31 January 1883, a communiqué was made to the Chinese Minister inviting him 'to discuss with Her Majesty's Government, with a view of arriving at a settlement that shall be satisfactory to the respective governments, the question of the duties upon the importation of opium into China in connection with Article III, Section 3 of the Chefoo Convention.'³ Marquis Tseng replied that he would be pleased to attend⁴; and Wade and Pedder, secretary in the Revenue Department of the India Office, were both asked to attend the proposed meeting⁵.

The Chinese government, in the meantime, was also anxious to reopen talks. In late October 1882, the Tsungli-yamen memorialized on the progress of negotiations. It commented that Tso Tsung-t'ang's suggestion of 150 taels likin made in 1881 was sound, but replies from provincial officials had indicated that it would be extremely difficult to prevent evasion, and might prove unworkable. On the other hand, joint collection had been worked out with Wade, and the latter had accepted a total of 100 taels although Li Hung-chang had insisted on 110 taels. Now that Wade had been recalled to London, it was hoped that negotiations could be continued between Marquis Tseng and the Foreign Office⁶.

This was followed by a second memorial in mid-April

which gave details of instructions that should be given to Tseng, as well as an authorization to commence negotiations on the lines of 110 taels joint collection. Also mentioning that 'the iron should be struck while it was still hot' since the Anti-opium Society was actively involved on China's side, the Tsungli-yamen requested that an Imperial edict to that effect was to be sent to Tseng by telegram. This was done⁷.

A preliminary meeting between Wade, Pedder, Currie (of the Foreign Office) and Sir Halliday Macartney, who was Tseng's English secretary, took place at the Foreign Office on 5 March 1883 - this was after agreement had been reached that such informal meetings should be held first to define the precise range of discussions⁸. At the end of the meeting, a memorandum was drawn up by Currie for Macartney to give to Tseng for his reference. Currie reiterated the first plan made by Prince Kung to Wade in January 1880 and said that due to serious objections the second plan (joint collection) could not be considered until Tseng had deliberated on the first one⁹.

After reading the memorandum, Tseng drew up his. It was a counter-proposal based on the second plan: 'that, instead of the present objectionable system of levying different rates of li-kin on opium at the various ports open to foreign trade, there should be one uniform rate for them all, on the payment of which, simultaneously with the import duty, the opium would be exempted from all other dues or duties whatsoever whilst in transit to its destination in the interior.' A detailed proposition on this was drawn up with the sum of 110 taels per picul. It was prefaced by arguments in its favour: 1) the adoption of a uniform rate as the basis of negotiations would expedite the arrival at a definite understanding between the two governments, since this had underlined previous negotiations; 2) such an arrangement, because it was favoured by the Chinese government, 'must be taken to be

the one most suited to the country, and, therefore, the one most likely to work with the least amount of friction'; 3) the arrangement would be a step in the right direction for the removal of likin barriers not only on opium but on all other merchandise which would be advantageous to the development of the inland trade of China, native as well as foreign; and 4) if the uniform rate principle was rejected, the adoption of any other agreement would still compel 'the Chinese Government to look to the inland collectorates for its revenue on opium, and would, instead of facilitating the abolition of the inland likin barriers, actually tend to their perpetuation.'¹⁰

Three days after his proposal was sent to the Foreign Office, Tseng called on the ministry himself to see Lord Granville, and to request for an early interview on his proposal. J. Pauncefote, in the absence of the Foreign Secretary, received Tseng, but no definite date was fixed. Granville, when he heard of the request, remarked that no date should be fixed until the Foreign Office had decided on a definite course of action.¹¹

The India Office was given Tseng's memorandum and commented that it was in essence the same as the second alternative suggested by the Foreign Office in November 1882. However, it was not prepared to accede to the additional 10 taels. It also wanted the Foreign Office to find out whether, if this arrangement was agreed to, the provincial authorities in China would obey orders from the Imperial government by not levying additional dues, and whether native opium would be taxed to the same amount. The India Office feared that if native opium was treated differently by the Chinese government, production of the drug would greatly increase and the loss to both the trade and revenue of the Indian government would be heavier¹².

Upon receipt of this communication from the India Office, the Foreign Office felt it had been shouldered

with the responsibility for making a decision - a responsibility which it did not want to accept. This was because the matter was primarily the concern of the Indian government and the principle and policy of the joint collection proposal was still open to grave objections, chief of which would be the cancellation of Elgin's stipulation¹³.

On 21 April, Marquis Tseng called on the Foreign Office saying that he was not pressing for an answer to his proposal, but would like to discuss the matter before his departure for Russia at the end of the month¹⁴. A meeting was eventually arranged for the 27th, at which Tseng was handed a further memorandum, which stated that the British government was not prepared to entertain a joint collection levy of more than 100 taels since this sum had already been agreed to by Kung on 28 July 1882, when he was discussing Samuel's scheme with Wade. If China would agree to the 100 taels offer, the British government would require an Imperial decree and proclamation announcing the acceptance. Consent of other Treaty powers had to be obtained before the agreement could be operational; and a list of five guarantees was also required from the Chinese government: 1) transit certificates of opium be in accordance with sec iii, paragraph 4 of the Chefoo Convention; 2) permission be given to purchasers to repack their opium in such fractions of a chest as may suit their convenience and that each such package should be covered by a transit certificate; 3) that so long as these packages are unbroken and the certificate undefaced, free circulation within China be allowed, and re-certification given if owner wants to convey them to other markets not destined in the certificate; 4) that foreign opium shall not be subject to any contribution, licence or tax other than or in excess of such contributions on native opium; and 5) either government shall have the right to terminate the agreement as the end of five years after giving twelve months' notice¹⁵.

Tseng replied that since he was authorized only to negotiate for a total levy of 110 taels, he could not accede to the Foreign Office's proposal of 100 taels. Moreover, the Chinese government would be very much opposed to the carrying of foreign opium inland by persons of any nationality other than Chinese. However, at Granville's request, he promised to study the memorandum and would reply after he had returned from his trip to Russia¹⁶.

On 27 September 1884, Tseng replied the Foreign Office. It was a long memorandum, which both in its Chinese original and English translation, demonstrated China's newly-acquired ability in the intricacies of western diplomacy. It was a document filled with rhetoric. It combined the soft with the hard approach: the complacent and the harsh as well as the polite and the insplent. It began by expressing gratitude at the willingness on the part of Britain to negotiate and to effect a solution. It added, however, that China could not possibly reduce the total levy to 100 taels. The amount of 110 taels insisted on by him was already a very considerable reduction of the sum most provincial officials had advocated and even Hart had named 90 taels likin as a levy opium could easily bear. This sum would be merely 25% of the cost price of the drug and could only be considered as moderate, since opium was a luxury commodity. In fact, in some Treaty ports the likin had already surpassed this amount. According to the Treaty of Tientsin, China had complete right to impose whatever taxation on foreign opium once it passed into Chinese hands; thus, by agreeing to this uniform system of joint collection, it would be actually 'in the direction of a voluntary restriction on their China power of unlimited taxation, and a concession they had made to commerce, rather than one which they had received.' It was also pointed out that Prince Kung had been prepared to accept in principle Samuel's scheme but not the 70 taels which was included in it. The Chinese government had always insisted on 80 taels.

As to the five guarantees required, China was quite willing to give them, except that certain modifications had to be made. These were that foreigners should not be allowed to carry opium inland - and this should be readily acceptable to the British government since this right had never been asked for nor raised in previous negotiations; and that exemption certificates would be issued, not in accordance with section iii paragraph 4 of the Chefoo Convention since this was never considered to apply to opium, but in accordance with section i of Rule V of the commercial agreement of 1858. It was also noted that, 'the strongest guarantee will consist in the moral obligation on them [Chinese government] by the consideration that the arrangement has been of the Chinese Government's own proposing.' The present scheme would definitely harmonize with existing institutions and special conditions in China and would work much better than any other, which might sound more promising, but which would be in reality in defiance of China's unique situation.

The memorandum also pointed out that Britain should not insist on a previous accord to be arrived at with other Treaty powers before the agreement was put in force. To do so would result in yet another indefinite postponement which would 'prevent the Chinese Government deriving from the Chefoo Agreement the advantages in return for which they had consented to open and have already opened, to Foreign Trade several places on the Yangtze.'¹⁷

The India Office, when it received the text of the memorandum, finally agreed that it was necessary that Marquis Tseng's insistence on 80 taels likin must be accepted in order to reach an agreement for political reasons. The Indian government was asked if it had any objections, by telegram on 24 December 1884¹⁸.

The Indian government replied on 3 January 1885 that by agreeing to the 70 taels likin it would already result in an estimated loss of a minimum of 25 lakhs of rupees (£2,500,000) of opium revenue annually, and the government

was 'most unwilling to assent to the proposed rate of 80 taels.' It further added that if agreement were reached it should be pointed out clearly that the British government would have the right to end it at any time if the Chinese government failed to stop the separate collection of likin and that such a move would not be dependent on the consent of other Treaty powers¹⁹.

The India Office, however, did not heed the Indian government's objections, and in a communiqué to the Foreign Office on 21 January 1885, it agreed to the 80 taels likin. It, however, repeated the argument for abolition of the internal likin as a precondition of agreement, one put forward by the Indian government. It also wanted clarification of the question of foreigners carrying opium inland (though the India Office itself was not in favour of this mode of trade), adjustment of tax or licence fee on boats, shops and warehouses between those levied on foreign and those on native opium; and the agreement could only be put into practice when all the other Treaty powers had accepted it²⁰.

Explaining its decision to the Indian government, the India Office pointed out the following factors: 1) if negotiations were to fail, the Chinese government would certainly impose a heavy likin on opium once it left the Foreign Inspectorate in the Treaty ports and the amount could be 100 taels or more, as was distinctly intimated in Tso Tsung-t'ang's memorial and accepted by the Chinese government in principle; moreover, the present increase was only by 10 taels and Wade had estimated that opium could bear a uniform rate of 110 taels, while Hart had put the figure at 120 taels. Thus, even if the Indian government were to lose 25 lakhs annually, it would be a worthwhile sacrifice for five years 'to give greater security to the opium revenue, now in some danger on account of the troublesome political questions which would be disposed of and to protect the trade in Indian opium against unequal, unexpected, and oppressive enhancements

of the local likin duties.' 2) According to Tseng's memorandum, this would be the first step towards the commutation of likin on all goods. Although China had not promised to do so, yet its willingness to suggest a possibility would greatly harm Britain's stand among other Treaty powers if it were not entertained, since all had been asking for this. If the abolition of likin on all goods were to come about, it would greatly facilitate Britain's trade with China in other articles. 3) The increased activities of the Anti-opium Society if the agreement was not consented to would pose grave political problems to the government. Thus the India Office, even after taking into consideration the objections raised by the Indian government (telegram of 3 January), had decided to agree to Tseng's proposal²¹.

With the objections from the India Office, and perforce the Indian government's, removed, the Foreign Office was able to accept Tseng's proposal²². In the memorandum of 9 February 1885 to Tseng, Lord Granville wrote that, 'in deference to the wishes of the Chinese Government' the British government would agree to a commutation of likin on opium at 80 taels. The British government 'have been mainly induced to consent to an arrangement, which may entail a considerable loss of revenue on India, by the assurances which the Chinese Minister has given them that the Chinese Government will feel morally bound by the consideration that the arrangements has been proposed by themselves; that they believe that it will harmonize with existing institutions, and they will endeavour to execute it in such a manner as to show that a fair Agreement drawn up in conformity with the conditions of the country will be advantageous to foreign trade.' Measures to guarantee that only the stipulated amount would be collected as well as the doubts which both the Indian government and the India Office had expressed were also incorporated into the memorandum. They differed little from what Tseng had already proposed as safeguards in his memorandum of

27 September 1884. The only addition was that 'notes should be exchanged between the two Governments stipulating that the Supplementary Article shall only come into force after a period of six months from that date of the Chinese Government's acceptance of it, and that it shall be competent to Her Majesty's Government at once to withdraw from the new arrangement and return to the system of taxation at present in operation at the Treaty ports, should the Chinese Government fail to bring the other Treaty Powers to conform to it.'²³

After obtaining approval from the Imperial government, Tseng replied to Granville on 18 March 1885 agreeing to all the terms the latter had asked²⁴. During the following three months matters of detail were worked out, so that by 15 June 1885 Tseng was able to agree to the English draft of the agreement and in return sent a draft of the Chinese text. He also informed Granville that an Imperial decree had been issued authorizing him to sign the agreement on behalf of the Chinese government; he wanted to know when the day for exchange of signatures would be²⁵.

However, the change of government might have meant that Tseng's request was either ignored or neglected until 14 July, when Lord Salisbury, the new Foreign Minister, wrote to ask Tseng if 18 July at 2 p.m. would be convenient for the exchange of signatures²⁶.

On the same day, Salisbury wrote another despatch to Tseng asking for information about a memorial which had appeared in the Peking Gazette of 24 April 1885, in which a secretary of the Grand Secretariat denounced the taotai of the Feng-yang customs in Anhwei for misappropriating funds he had collected and also for collecting extra sums for his own purse. Salisbury said that this would mean there was a want of efficient control on the part of the Imperial government over its internal customs officials; and warned that if such illegal exactions were to continue, they would be fatal to the enforcement of the agreement

and wondered what steps would be taken by the Chinese government to remedy such a situation²⁷.

Tseng replied by saying that the charges laid against the customs administration at Feng-yang were grave, but this was an individual case which was bound to occur no matter how vigilant a supervision was exercised over all of China. That the Imperial government had taken immediate steps to investigate the matter, that the Additional Article would remove such collectorates, and that in the charges named there was no mention of the culprit attempting to levy dues on goods covered with a transit pass, would prove that Salisbury's fears were unjustified²⁸. Apparently satisfied by the reply, no further mention of this incident was made by the Foreign Office.

On 18 July 1885, Marquis Tseng and Lord Salisbury signed the 'Additional Article to the Chefoo Convention' together with a Note²⁹.

Signature of the Additional Article, however, did not completely solve the Opium Question although a major hurdle had been jumped. There still remained the vital question of how to put it into operation. This involved firstly the necessity of consent to the agreement by the other Treaty powers; and secondly a question which brought Hong Kong into the picture, how to effectively prevent any smuggling of opium into China. For the first, it became solely the responsibility of the Chinese government; and for the second, by article 9 of the Additional Article, a joint commission was to be formed on the same terms as that called for by the Chefoo Convention. Thus, before the agreement could become operational, these questions had to be solved and it took China until February 1887 before the joint collection of Tariff duty and likin on foreign opium by the Foreign Inspectorate began, and not until April 1887 when Hong Kong and Macao were included³⁰.

Acceptance by Germany and other Treaty powers

The dispute over the levy of inland dues on foreign imports and Chinese exports in the interior of China had always been one of the main complaints made by foreign merchants and their governments. The Chinese government always contended that treaty stipulations did not prevent the provincial authorities from levying such dues - whether they were in the form of likin or octroi - even if goods had paid the 2½% ad valorem 'transit duty'. The foreign merchants, however, were of the opinion that payment of the 'transit duty' should free goods from further levies until or unless they were 'broken up', i.e. into small packages which would then invalidate the transit pass. The foreign governments were in two minds about the dispute because on the one side, they would like to argue for their merchants, but on the other, treaty stipulations were so ambiguously worded that they could not rightfully impose an interpretation - for or against either version.

In the negotiations for the Alcock Convention and also in that of the Chefoo Convention, attempts were made by Alcock and Wade respectively to define the 'transit duty' more precisely. But neither agreement was ratified and the situation remained as before. In 1872 a survey was made by British consuls at the Treaty ports on the amount and type of likin and octroi on imports and exports, but this was only for information of the British government as well as to provide evidence in future negotiations with the Tsungli-yamen on the amount of interference with trade as privileged by treaty³¹. Although the survey was incorporated into the arguments used by Wade when he negotiated for the Chefoo agreement, he was unable to obtain more than a vague definition of the 'port-area' which would be definitely exempt from likin. The agreement on this was not ratified and the clause was not put into effect.

In 1878, the German Minister to China, von Brandt, drew up a memorandum entitled 'Inland Taxation on Foreign

Goods and Native Produce in China.' It proposed quite a detailed narrative of the type and amount of taxes levied on different types of merchandise³². Von Brandt, together with the French minister, made representations to the 'Chinese government, and asked for 'the commutation of likin taxes upon articles forming part of the foreign trade in China', but arguing that this was a concession, since likin levies were absolutely illegal in view of the treaties and was a 'permanent violation' of them. However, they got nowhere with the Tsungli-yamen; Fraser, nonetheless, commented that likin could be argued as legal in the sense that it was never levied whilst goods were in foreign hands³³.

The dissatisfaction and irritation at China's unwillingness to respond favourably to overtures for a settlement of the likin issue became the bargaining point, for von Brandt, when the Chinese government asked for the Treaty powers' consent to the Additional Article³⁴. N.R. O'Connor, chargé d'Affaires at Peking, after receiving details of the Additional Article, remarked that of the foreign representatives, von Brandt would definitely ask for a quid pro quo from China and other representatives would follow suit since settlement of the likin problem would be advantageous to all concerned³⁵.

The Imperial government was also very much aware of such a possible action from the foreign representatives. By telegrams to its ministers abroad, they were instructed to make direct representations to the foreign governments asking for approval of the Additional Article³⁶. With regard to the United States, Russia and France, consent was easily obtained, since the treaties they had signed with China in the early eighties barred their nationals from being involved in the opium trade; and they had little shipping interests in China anyway³⁷. With Germany it was a different situation altogether. Not only did von Brandt ask his government not to agree until a quid pro quo was received from China, but because German

shipping interests in China was only second to that of Britain, it had a greater say³⁸.

Negotiations with Germany were conducted both at Peking and Berlin, and although there were attempts at co-ordination of actions by both governments and their representatives, such attempts failed and resulted in two sets of agreements.

At Peking, von Brandt initially wanted the 'strict fulfilment of the Treaty provisions with regard to the taxation inland of foreign imports and native produce destined for exportation with the establishment of certain rules by which these provisions heretofore evaded or ignored in many particulars, might be duly carried out.' This would be guaranteed by seven measures that must be put into practice³⁹.

This was a moderate demand, but the Tsungli-yamen refused. O'Connor was called on to help mediate with von Brandt, the Tsungli-yamen arguing that since the Additional Article was the only benefit China obtained from the Chefoo Convention, and since the British government had agreed to seek the approval of other Treaty powers to the Convention, Britain should help China and not co-operate with Germany to impose new conditions⁴⁰. Li Hung-chang, at an earlier date, had even suggested that Britain should allow the Additional Article to operate for six months during which period China would levy the Tariff duty on opium imported in German ships and then levy a likin of 150 taels to discourage any further German attempt to nullify the agreement. This was, naturally, refused by O'Connor⁴¹.

Eventually in early February 1886, von Brandt agreed to modify his demands, which were reduced to two: 'The publication of the lists of likin and other tax stations in the interior, and the Tariff of dues levied on them; [and] the abolition of differential duties imposed on certified foreign goods after arrival at their place of destination.' To these the Tsungli-yamen eventually assented

and von Brandt agreed to recommend to his government that consent be given to the opium agreement⁴².

However, a few days earlier on 31 January 1886, the German government had already agreed to the Additional Article when the Chinese minister promised that China would do more trade with Germany in purchasing guns and ammunition, for instance⁴³. A German trade syndicate was to be despatched to China to work out new trade agreements. However, this was after a lot of bargaining by the Chinese minister to Germany, Hsü Ching-cheng, after he had received instructions from the Tsungli-yamen⁴⁴, and had utilized all the means available to him - logical reasonings and moral appeals⁴⁵.

With the final barrier to ratification removed, the Chinese Emperor ratified the Additional Article, and the British government was called upon to do the same. Marquis Tseng also requested that the agreement should be put into operation immediately, before the exchange of ratifications, since the new Chinese minister to Britain was bringing the papers with him and might take some months. He also expressed apprehension that if the German trade syndicate were to arrive in China before such a date, their possibly excessive demands might not be met by the Chinese government and Germany might consequently withdraw her consent⁴⁶. The Foreign Office agreed to this request, and when this decision was communicated to the India and Colonial Offices, they also concurred⁴⁷.

O'Connor, upon receipt of this information, called on the Tsungli-yamen in mid-March 1886 and was surprised to be informed that the Chinese government had no intention of enforcing the Additional Article until the commission for the settlement of the blockade issue of Hong Kong had met and deliberated⁴⁸. This news was received with much apprehension by the British government. The India Office considered such a move by the Chinese government very unsatisfactory and feared that some new items might be introduced into the agreement and urged that ratifications

should be exchanged immediately⁴⁹. The Colonial Office expressed understanding of China's attitude, but also proposed the exchange of ratifications, since the commission would take some time to make its report as it had not been convened yet⁵⁰. The Foreign Office, agreeing to these views, but unable to make strong representations, contented itself by sending a note to Marquis Tseng expressing the government's surprise at such a move after the British government had consented to his urgent request for immediate enforcement of the agreement⁵¹.

To this rebuke, Tseng retorted quite sharply, remarking that the Chinese government had no intention of postponing the execution of the agreement. 'That the Agreement in its entirety cannot be put in force at once, can scarcely...be considered as calculated to excite surprise. It is by no means an unfrequent occurrence to find it's either impossible or impracticable to give effect to all the provisions of an international Engagement from the first day when according to stipulations it is permissible to enforce it.' China, in fact, was most desirous that there should be no undue delay. However, clause 3 of the agreement called for the determination of size of packages etc., and clause 9 called for a Hong Kong commission - both of which had to be decided first. Tseng argued that it was the execution of these two preliminary measures that prompted the Tsungli-yamen to ask for operation of the agreement before the formal exchange of ratifications⁵². To this line of argument the British government had no response and had to wait until the blockade issue had been settled by the forthcoming commission.

During this short period of nine months, the change in approach or attitude by both governments is worthy of note. The British government, after signing the agreement, was looking forward to the anticipated 'hindrance' that

would be meted out by the German government to China. This was partly due to its desire to reap the fruits of solution to the 'inland dues' problem, and partly due to its desire to have China approve the Kashgir Trade Convention and the trade mission to Tibet. O'Connor was instructed to help von Brandt rather than the Tsungli-yamen⁵³. The British government was accused of this 'conspiracy' by China in no uncertain terms⁵⁴. When China obtained Germany's consent, the Foreign Office immediately agreed to the enforcement of the agreement prior to ratification, and when this did not come about, there was a sudden panic, since it could not be explained why China had adopted this sudden change of attitude⁵⁵.

Settlement of the blockade question

The Additional Article had been negotiated by persons on both sides who possessed little knowledge in the practicality of principles. The agreement was basically the acceptance of a principle under which the opium trade in China would be conducted in future. It also provided the solution to a question that had been outstanding, one might say, since opium became a legalized import in 1860⁵⁶. As such, the agreement did suit the objectives of both governments, but more so the Chinese government. However, at no time did the negotiators in London consider how it should be applied, apart from stating that a commission should be established to work out the outstanding problems of Hong Kong. This was merely a re-statement of article VII of section III of the Chefoo Convention and the reconvening of a commission that had never met. Minute details on how the agreement should be put into operation were left in total abeyance.

It was more than a possibility that neither side thought about it. In China, Hart, to whom the collection of both Tariff and likin on opium was to be assigned, was never consulted. He volunteered his services when he realized the complete involvement of his department in the

new arrangement. In Britain, likewise, the Foreign Office only consulted the Indian Office intensely while the Colonial Office was mostly left in the dark unless negotiations touched on Hong Kong, and this was very seldom. The Board of Trade was never consulted. All these facts prove that it was a settlement of principle, pure and simple.

When Hart finally saw and studied the Additional Article in October 1885, he immediately wrote a semi-official but confidential memorandum to the Foreign Office. In it he outlined in detail a set of supplementary rules to the Additional Article which would secure the largest collection of revenue to China, with the total prevention of smuggling activities from Hong Kong, and cause the least trouble to opium merchants. This was his 'opium hulks' plan. Briefly, it meant that three hulks would be anchored at Hong Kong, supplemented by a godown on shore if necessary, manned entirely by staff from the Foreign Inspectorate and responsible to the commissioner at Canton. These hulks would receive all opium imported into Hong Kong whether they arrived in British or other ships, and be placed in bond. Upon export by foreign registered ships to the Treaty ports, the joint collection of Tariff duty and likin would be done by the Foreign Inspectorate there. If exported by native junks to non-treaty ports, officials of the Foreign Inspectorate stationed on the hulks would do the collection. Opium destined for consumption in Hong Kong and that transported to Macao and places outside of China would also be levied the same duty since the amount would be minimal and purchasers could well afford a slight increase in price. Hart also gave arguments that could be used if Hong Kong objected to such an arrangement. He even went to the extent of quoting an extract from a despatch from Palmerston to Pottinger (on 31 May 1841), in which the former acknowledged the status of Hong Kong as a free-port but suggested that Chinese custom-house officials could be stationed in

the Colony to levy import duties on goods going from there to China. He also proposed that regulations should be made whereby only British ships and those countries that had consented to the Additional Article would be allowed to carry opium to China⁵⁷.

Upon receipt of this memorandum, the Foreign Office was placed in a dilemma, since it had not come from the Chinese government, which obviously knew nothing about it. It was eventually decided, after consulting the India and Colonial Offices which both rejected the scheme, that a memorandum would be drawn up saying that China could not ask for anything more than what was contained in the Additional Article, but that the British government would do all it could to help China realize her opium revenue. Hart's scheme would not be commented on since a commission would be established to consider ways and means of eliminating the blockade. ~~This was sent to J.D. Campbell, Hart's private secretary in London, who was asked to communicate it to Hart in cypher, as was requested~~⁵⁸. O'Connor was also instructed about the memorandums⁵⁹.

The matter then gravitated towards the establishment of the commission called for by the Additional Article. Representatives were appointed from the three governments concerned - China, Britain and Hong Kong. For the sake of clarity in the understanding of the terms of reference the commissioners were given, we arrange them under three headings according to the governments they represented.

China. In early 1886, after Germany had agreed to the Additional Article, preparations were made to appoint a Chinese commissioner. Since he would have immense responsibilities, caution in the selection of an appropriate person resulted in the appointment of Shao Yu-lien, formerly China's chargé d'Affaires at St. Petersburg and then Taotai at Shanghai⁶⁰, on 13 February. He was summoned to a meeting with the Tsungli-yamen. Also called in for discussion were Hart, Li Hung-chang and Tseng Kuo-ch'üan, Chief Superintendents of Trade for the Northern

and Southern Ports, respectively⁶¹. At the same time, Marquis Tseng at London was asked to inform the Foreign Office of Shao's appointment, and to argue in favour of Hart's 'opium hulk' plan⁶². The latter instruction however was rescinded half a month later because it was decided that it should be brought up during the meeting of the commission instead⁶³. O'Connor was also informed of Shao's appointment and he was asked to appoint a consular representative⁶⁴.

The meetings among the 'policy-making' Chinese officials in Peking were felt necessary by the Tsungli-yamen - there were inuendoes that a number of foreigners were attempting to undermine the value of the agreement with respect to the taxation of 110 taels, and there was also insinuations from provincial authorities who disliked the new agreement, since it would be a blow to their vested interests. Shao, it was felt, must be consulted first before instructions were given him. It was agreed, after several meetings, that China should put forward Hart's 'opium hulk' plan as it would suit China best. The Tsungli-yamen also decided that Hart should accompany Shao to Hong Kong, since he was very experienced in customs businesses and could be of invaluable help to Shao during the negotiations⁶⁵. Hart was notified by the Tsungli-yamen in late April, and he was officially appointed as a joint commissioner with Shao by an Imperial edict on 28 April⁶⁶. The two representatives of China left for Hong Kong on 19 May, arriving there exactly a month later⁶⁷.

Britain. On 11 March 1886, the Foreign Office informed Marquis Tseng that B. Brennan, Britain's consul at Tientsin, had been appointed the consular representative to the commission⁶⁸. Before his departure for Hong Kong in mid-June, Brennan was given 'detailed and precise instructions by O'Connor, who had earlier been instructed by the Foreign Office. Brennan was told that although the Chinese government believed that the British government had pledged

itself to put the opium trade of Hong Kong under some restriction, yet this was not the case. The Additional Article only dealt with opium imported in China and not into Hong Kong. Brennan should oppose the placing of receiving hulks in Hong Kong waters or godowns on Hong Kong soil, and should also reject another Hart's proposal: the restriction of opium carriers to British ships. With regard to the facilities that Hong Kong might afford China in the control of the drug while in Hong Kong, this was to be decided between the two governments; Brennan should not interfere, although he should bear in mind that upon payment of the joint duties, opium would be allowed free circulation in China. Moreover, the commission was only authorized to devise remedies for the cessation of the blockade and the prevention of smuggling and could not impose any restriction on the opium trade outside the limits of Hong Kong. Therefore, Brennan was not to agree to anything that might involve the consent of the Indian government, Singapore or any other British authority. In a final directive, 'throughout the negotiations you will bear in mind that the propinquity of an English Colony to the Chinese Mainland should lessen China's enjoyment of such rights as she may have obtained from Foreign Powers under Treaty, still the Colony of Hong Kong is entitled to look for some equivalent in return for such assistance as it may give the Chinese Government by using its executive power to that country's benefit.'⁶⁹

Hong Kong. Appointment of the Hong Kong representative was simple enough. J. Russell, Puisne Judge of the Colony, who had been appointed to the proposed commission of 1876, asked to be nominated again, and this was accepted by the Colonial Office⁷⁰.

The Hong Kong government was very apprehensive about the commission and its outcome, since it would affect the Colony directly. It asked the Colonial Office for instructions, especially in regard to Hart's proposal. The Colonial

government argued that if Hart's proposal of levying the joint duty on opium for use in Hong Kong and for transshipment to other places was accepted, it would result in a loss of \$200,000 a year in colonial revenue. The reason 'was that the government could no longer obtain income from the sale of the opium monopoly which would become defunct under the proposal. This income consequently would be taken over by the Chinese government. Moreover, by levying duty on opium that was bound for Macao, the government there would construe it as an unfriendly act on the part of the Hong Kong government⁷¹.

The Colonial Office agreed that such could be considered an unfriendly act by the Macao government, but it did not issue any instruction to the Hong Kong government; the despatch from Hong Kong was forwarded to the Foreign Office without any comment, and the latter also decided that no opinion was called for for the moment, since the commission would be meeting, and if no agreement was reached, it would be referred back and an opinion could be offered then⁷².

The Hong Kong government also queried the appointment of Hart as a joint commissioner with Shao since if this did not have approval from Britain, the appointment would be 'ultra vires'. But a telegram from Walsham, who had just assumed his post as Britain's minister to China, quelled the objection⁷³.

In the end, Marsh, the Administrator, and Russell had to draw up the instructions between them. Nevertheless, it was a detailed and all-embracing memorandum. The foremost point made, though not expressed in so many words, was that Russell, as Hong Kong's representative to the commission, was solely interested in negotiations to solve the question of the blockade. To this end, the commission was to furnish four pre-conditions to Russell before he would agree to negotiations on possible solutions: 1) publication by the Chinese government of a tariff of duties

on native produces shipped to or transhipped from Hong Kong; 2) prohibition of all cruisers and boats that impersonate Chinese revenue cruisers, and a name-list of all revenue vessels; 3) establishment of a board of enquiry into the complaints of all seizures made by revenue vessels, to be composed of a European officer of the Foreign Inspectorate and an official of the Hong Kong government; and 4) if the customs stations were to continue to exist, they must be under the inspection of an officer of the Foreign Inspectorate. The Hong Kong government would not consent to the establishment either in Hong Kong waters or on its territory any stations, hulks or officers for the collection of Chinese customs. Neither would it consent to levying a duty on opium going to Macao which would not only antagonise the government there but also would not prevent it from becoming the supplier of opium to places outside of China. Agreement to these conditions would pave the way for HongKong to accept 'any reasonable proposal for assisting the Chinese Government to secure payment of duty on goods taken into China or brought from it to Hong Kong', although it should in no way affect either the revenue of the Colony or its legitimate trade⁷⁴.

Representatives from the three governments, with their individual instructions, then met in Hong Kong. The first meeting of the so-called 'The Hongkong Blockade Commission' met on 29 June 1886. It met for seven more times, and on 11 September 1886 a joint memorandum was signed by the representatives: Hart, Russell and Brenan⁷⁵.

Meetings of the commission were marked by very tough bargaining on the part of Russell, and the Chinese representatives were completely placed on the defensive⁷⁶. Brenan, in accordance with his instructions, acted more as an observer on behalf of the Indian government than as an active participant. Thus, meetings revolved around Russell and Hart. Although the final agreement concluded was deemed satisfactory to all concerned, yet it was

Russell's proposal that obtained consent. It was one completely different from China's, which was Hart's scheme proposed to the Foreign Office in October 1885, in that the safeguards against smuggling were not as tight and the plan was almost completely dependent on the active co-operation of the Hong Kong government.

In the first meeting, Russell blandly declared that as far as Hong Kong was concerned, there were no grievances to be submitted to the commission; and it was purely in the interests of China that it had been convened. This was in reply to Hart's opening remarks that the commission should first discuss Hong Kong's complaints and then put forward proposals regarding the blockade question. Russell also refused to put forward any proposal but was prepared to listen to plans that might be submitted⁷⁷.

The second meeting saw Hart giving a résumé of the history of the opium trade, adding that implementation of the Additional Article would greatly increase smuggling activities. However, it was fortunate that a clause had been inserted in the agreement whereby an arrangement would be made with Hong Kong to prevent such activities. To this, Russell protested, arguing that the clause was a mere reiteration of an identical one in the Chefoo Convention, and had nothing to do with the present agreement. Hart then began to explain his proposals, which were three in number: China could collect her revenue unaided, Britain could collect it for her in India, and a Sino-British co-operation with the collection beginning at Hong Kong. He emphasized the last which was the 'opium hulk' plan. To this Russell dissented saying that the Hong Kong government would not entertain any plan that called on the collection of dues on opium that would not be sent to China, i.e. to Macao and other places. He, in turn, declared that he had a scheme of his own and would submit it to the commission provided China

could obtain similar co-operation from the Macao government.

At the third meeting, Russell outlined his scheme, but he prefaced by noting that when a commission was written into the Chefoo Convention, it was a concession from China to Britain, not vice versa, and reiterated that Hong Kong had no grievances or complaints. His proposal, though differing in detail, was based on Robertson's memorandum submitted to Wade when he was appointed consular representative to the abortive commission of the Chefoo agreement⁷⁸. The proposal, briefly explained was as follows: 'opium shall be imported into Hong Kong in quantities no less than one chest; and that no opium be landed, shipped or transhipped or removed without reporting to the Hong Kong Government officer. Monopoly of sale in quantities of less than one chest is given to the raw opium farmer. Possession of opium in less than one chest is forbidden unless intended for export and proof of this intention to export will be the permit of the opium farmer and a duty receipt from the Chinese Customs.' The Hong Kong government would prohibit all junks to leave during the night, set up provisions for search of merchants' godowns, legislate against the assemblage of armed bands, and give the Chinese customs notice of all shipments by steamer or junk. These measures would show the Colonial government's willingness to help the Chinese government. This scheme, however, was conditional on the acceptance by Macao of an identical arrangement and it would be abandoned if it was found to be detrimental or injurious to the Colony, or if excessive duties were imposed. Hart agreed that it was the next best thing to his proposal⁷⁹.

The fourth meeting saw Hart informing Russell that the scheme would be forwarded to Peking for approval; he also commented that it commended itself because it would be ^{just as} advantageous to China as it was to the Hong Kong opium farmer⁸⁰.

Both Shao and Hart telegraphed Russell's proposal to the Tsungli-yamen and Li Hung-chang, giving details and advocating its acceptance. Hart also suggested that since the Portuguese had occupied Macao for a long time and it would involve a huge sum of money to 'buy' it back, (if force was used Macao might be given to a Treaty power which would make things worse) it would be a good idea to sign a 'permanent lease' agreement. This would be most beneficial to China since Macao should then agree to Russell's scheme⁸¹. The Tsungli-yamen agreed to these suggestions by telegram on 11 July⁸².

When the commission met again on 14 July, Hart was able to state that Imperial approval to Russell's scheme had been obtained, and that he would be leaving for Macao. A copy of the draft ordinance was asked for, but Russell would only allow the Chinese commissioners to see it, nor would he put anything down in writing before Macao had agreed to the terms. Russell also insisted that minutes of the meeting should note, that while 'China was asking Hong Kong to assist her in repressing smuggling, the Chinese Authorities were unable to produce returns to show whether smuggling existed or not.' This was because Shao had said the Canton native customs collected dues on 6,500 piculs annually but because of an unauthorized rebate of 25%, this could not be put down in writing. Hart then asked that his proposal to be recorded likewise⁸³.

Hart then proceeded to Macao, where initial negotiations with Governor Roza turned out to be quite successful. Roza agreed in principle to Russell's proposal, but when details were being worked out, he first agreed to the 'opium hulk' plan, then demanded that any agreement reached must not conflict with Portuguese or international laws and regulations and that Macao's interests must be considered as paramount⁸⁴. At a later date, he further demanded that Macao become a permanent Portuguese property, and the likin barrier stations situated in the mountain range

between Macao and China must be withdrawn, to be replaced by the stationing of Portuguese troops⁸⁵. After consultations with Chang Chih-tung, Governor-General of Liangkwan, who said that the barrier stations were an effective means of preventing smuggling and could not be removed, the Tsungli-yamen refused to acquiesce to Roza's demands⁸⁶.

Finally, Hart was able to obtain Roza's agreement to place all opium under the supervision of the Foreign Inspectorate with the necessary rules and regulations with a sine qua non that the island of Lappa and Macao would be ceded to Portugal⁸⁷. Knowing very well that the Imperial government would not concede to the cession of Lappa (which was confirmed when he returned to Peking), Hart instructed Campbell, his secretary in London, to meet Roza there on the latter's trip back to Portugal, and to explain China's position again, and then to proceed to Lisbon to negotiate with the Portuguese government if need be⁸⁸.

Seeing that nothing further could be accomplished at Macao, Hart returned to Hong Kong and the commission resumed its meetings⁸⁹. Russell pointed out that during the interval, there had been increased activities by Chinese revenue vessels as well as an increase in the rate of likin. Hart replied that if this had been so it must have had the authorization from the Governor-General and would be applicable to all of Kwangtung, and 'the Hong Kong trade had to take its chance with the rest.' Russell then asked that an officer of the Foreign Inspectorate be appointed to the customs stations around Hong Kong to investigate complaints. Hart was agreeable, but wanted Russell to make the suggestion; he also stated that he believed there had been and would be no complaints from Hong Kong.

The next meeting agreed on an amendment to the draft ordinance based on Russell's scheme. Hart altered the

wording to leave the Foreign Inspectorate's officer in complete charge of the investigations of complaints, and that appeals should be directed to Peking and not Canton. Having solved all the problems, except the confirmation of the scheme from Macao, the next day (11 September 1866) saw the signing of the joint memorandum, which reiterated in detail Russell's scheme but embodying the amendments proposed during the course of the commission⁹⁰.

This memorandum and draft ordinances 'A' and 'B' (the former was based on Russell's original scheme, while the latter was the revised version containing amendments) were sent to the Colonial Office⁹¹. When Russell's report was completed, this was also sent to the Colonial Office with a covering note by Marsh, in which he said that, 'the terms of that arrangement appear to be advantageous to the Governments of both China and of this Colony, whilst there was nothing in them that was considered to be prejudicial to the Government of India.' Marsh believed the advantage to be derived from the agreement would be considerable since Hong Kong only obtained \$180,000 a year from opium revenue (from the opium farmer), whereas Singapore, with a smaller Chinese population, obtained nearly \$1,180,000. Now that Hong Kong would have the same arrangements as Singapore, Hong Kong should look forward to a much increased opium revenue⁹².

The Colonial Office transmitted these documents to the Foreign Office, adding the view that with the latter's concurrence, sanction should be given to the revised draft ordinance (ordinance 'B') as soon as the Hong Kong government learnt that the same arrangement between China and Macao had been concluded⁹³. To this the Foreign Office agreed, and also proposed to the India Office that it should do the 'same'⁹⁴.

The ball, so to speak, was once more in China's court. On the one hand, an agreement had to be reached with the Portuguese government so that Macao would introduce and

follow the same regulations as that for Hong Kong; while on the other hand, joint collection had to commence as soon as possible, since the commission had met and deliberated, and there was to be no further delays. What the Imperial government eventually did was to carry out both of these tasks independently and hoping that they would be combined in the end.

Negotiations with Portugal

With Roza's departure for Portugal, negotiations also shifted there. Because Hart had begun the talks with Roza, he was given the responsibility for concluding them, although he had to refer to the Tsungli-yamen for instructions. Campbell, keeping almost in daily contact with Hart by telegram, negotiated on China's behalf in Lisbon with the Portuguese government represented by its Foreign Minister with the help of Roza who was an old friend and former school-mate of his⁹⁵.

When Campbell began the round of negotiations in early December 1886, Roza told him that if China could not cede the whole of Lappa to Portugal completely, it could give up part of it to prevent conflicts in jurisdiction⁹⁶. This was refused and China was prepared to give a good 'status' article if Portugal was willing to co-operate in China's collection of opium revenue⁹⁷. To this the Portuguese minister replied that the Lappa request was already a minimum demand⁹⁸.

At this stage, Marquis Tseng became a member of the Tsungli-yamen and strongly opposed to the 'status' article that Hart had already offered to Portugal⁹⁹. Tseng, for whom Hart had no liking whatsoever, insisted that the Portuguese were demanding far too much and that if the worst came to the worst, he would personally take charge of the customs stations, prevent smuggling and make Macao feel the pinch¹⁰⁰. Although Hart did not believe Tseng had much influence in the Tsungli-yamen, he still recommended that Portugal accept his proposal by 'threatening'

that a fortnight from then she would only get a 'perpetual' lease on Macao, and a month later, nothing¹⁰¹. This did not obtain the desired effect and negotiations continued until mid-January 1887, when Hart issued another ultimatum of sorts. He reiterated that China would neither recognise nor constitute Lappa a Macao dependency and that the 'status' article would be limited to a recognition of the Portuguese administration of the Macao government with a condition of either a lease or an annual payment of rent. He threatened that the Tsungli-yamen wanted to terminate negotiations but he had insisted on continuing because he believed in friendly co-operation rather than to hurt Macao by preventive means¹⁰².

This seemed to have achieved some effect because the Portuguese minister submitted two plans for China's consideration. The first plan called for a treaty of friendship and commerce giving to Portugal the perpetual occupation and government of Macao and its dependencies except Lappa, with Portugal's guarantee of never ceding Macao to a third power without the consent of China, full co-operation of the Macao authorities with the Foreign Inspectorate in the collection of opium revenue based on the hulk plan, and the suppression of the customs stations around Macao. The second plan called for the same treaty and acceptance of co-operation based on the Hong Kong scheme, i.e. the one proposed by Russell¹⁰³.

At the same time, Portugal also asked for Britain's help to persuade China to adopt either of these plans¹⁰⁴. The British government's reaction was that the Opium Question had been settled with China as far as she was concerned and that she had already made some considerable sacrifices towards this end; therefore the goodwill which had been generated with the Chinese government should not be spoilt by such an untimely interference on Portugal's behalf. If intervention was really necessary, it should be more for China's benefit than otherwise. Portugal was told

that help was not possible¹⁰⁵.

After clarification of a few points, Hart replied through Campbell that the Tsungli-yamen deemed the first plan satisfactory but that the customs stations would have to be retained. This was because the Hong Kong government, in its agreement with China, had not asked for the withdrawal of the stations in the neighbourhood of the Colony. Hart added that if Portugal was apprehensive about inconveniences resulting from their continued presence, this worry should cease because the Foreign Inspectorate would be taking over their management¹⁰⁶. In a subsequent telegram, he further explained that the stations were not for the levying of dues on opium alone but also on general merchandise, and thus they could not be withdrawn¹⁰⁷.

To this amendment the Portuguese minister refused saying that China could not have the depôt (opium hulk) and customs stations at the same time and added that by accepting the hulk scheme without Lappa, the ministry had already taken great risks with the Cortes (parliament)¹⁰⁸. Hart then issued another threat: not only would negotiations cease but Chinese preventive actions might well prevent Chinese vessels of all kinds from visiting Macao. However, Campbell was asked to use his discretion in making this intimidation¹⁰⁹. The next day Hart wanted negotiations to close by the end of the week since the Foreign Inspectorate would be taking over the joint collection on opium on 1 April, and would do so with or without either Hong Kong's or Macao's co-operation¹¹⁰.

When a definite decision from Portugal was not forthcoming, Hart, authorized by the Tsungli-yamen, made a new offer on the following basis: 1) a treaty of friendship and commerce; 2) a treaty recognizing the perpetual occupation and government of Macao and its dependencies by Portugal; 3) a treaty engagement by Portugal never to cede Macao without China's consent; 4) a treaty offering

the co-operation of Macao to China's opium revenue collection identical with Hong Kong's co-operation; and 5) a continuation of the customs stations which would function under the Foreign Inspectorate¹¹¹.

Portugal accepted this offer, asked for official confirmation and that Campbell be authorized to sign on China's behalf¹¹². This was acceptable to the Chinese government and an Imperial decree of 17 March empowered Campbell to sign the document¹¹³.

After some differences over the wording of the agreement as well as the definition of the word 'protocol', agreement was reached and on 26 March 1887 the Lisbon Protocol was signed¹¹⁴.

At a slightly later date, Letters were exchanged. This was because Portugal, for the sake of prestige and to conclude a negotiation answerable to the cortes, wanted the continuation of the customs stations omitted from the protocol. Hart, leaving nothing important not mentioned in writing, wanted the fact to be stated privately. Hence the exchange of the letters. It was also noted that Macao would carry out her co-operation immediately upon the commencement of the same at Hong Kong¹¹⁵. Roza, appointed as minister plenipotentiary, was despatched to China to negotiate and make arrangements for a treaty called for by the protocol¹¹⁶.

Subsequently on 4 June 1887, the Macao government published its 'Regulations for the Import and Export of Raw Opium in Macao and its Dependencies', which was identical to the Hong Kong Opium Ordinance of 28 May 1887 except in wording¹¹⁷. Then on 2 September 1887, the cortes formally approved the Lisbon Protocol¹¹⁸.

However, when Roza arrived in Peking on 13 July, he was received very coolly by the Tsungli-yamen¹¹⁹. This was because Marquis Tseng had been arguing that China had conceded far too much and had obtained so little¹²⁰. Moreover, the agreement with Hong Kong had been altered

and it was considered that since Portugal would do the same thing, the Protocol had not been worthwhile. Chang Chih-tung, Governor-General of Liang-kwang, had also complained bitterly about the agreement and the Tsungli-yamen, as a consequence, was very uncertain as to what actions to take¹²¹.

Negotiations between Roza and the Tsungli-yamen centered mostly on a definition of 'Macao and its Dependencies'. Roza, on behalf of his government, as well as the Macao authorities, claimed that 'dependencies' included certain neighbouring islands and part of the adjoining mainland. The Tsungli-yamen, however, under pressure chiefly from Chang Chih-tung, and also possibly from Marquis Tseng, insisted that Macao had no dependencies at all¹²².

Negotiations were at a standstill most of the time with neither side willing to give in. Finally, a breakthrough was effected and a Treaty of Friendship and Commerce was signed on 1 December 1887¹²³. On the same day, two more agreements were signed - one was concerned with the opium trade of Macao, and the other regulated the collection of opium duties by the Foreign Inspectorate on general lines laid down by the Hong Kong government¹²⁴. All three agreements were ratified by both governments on 28 April 1888¹²⁵.

This marked the final conclusion to the prevention of smuggling from Hong Kong and Macao although measures concerning this had already been implemented during the previous year. It also marked, more important to Portugal than China, the commencement of treaty relations between the two countries after nearly four centuries of commercial and 'semi-diplomatic' relations. Henceforth, Portugal became one of the Treaty powers.

Instigation of joint collection

While negotiations with Portugal were still in progress at Lisbon, the Imperial government decided that

the Additional Article should be implemented. On 16 January 1887, the Tsungli-yamen sent telegrams to all the provincial leaders informing them that the joint collection of Tariff duty and likin on opium to the amount of 110 taels per picul would start on 1 February. The Foreign Inspectorate would take over the collection and all provincial likin stations were ordered to cease collection of opium dues on 31 January, and to hand over everything to the Foreign Inspectorate¹²⁶. A priority message was also sent to the Canton government informing it that since the Foreign Inspectorate could not make the necessary preparations in time, the six customs stations around Hong Kong and Macao were to continue operations but collect the 110 taels instead until the Foreign Inspectorate's take-over on 2 April¹²⁷. The foreign legations were also informed of this decision, and Minister Hsü Ching-ch'eng was instructed to inform the foreign governments¹²⁸.

The British government was completely taken by surprise. Walsham telegraphed the Foreign Office about the decision¹²⁹. The Colonial Office also received an urgent message from the Hong Kong government which warned that such a move would definitely cause complications to the junk trade of Hong Kong, and wanted instructions. This was relayed to the Foreign Office¹³⁰.

The Foreign Office, with no information on the progress of negotiations between China and Portugal at Lisbon, could not offer any advice, and in turn, sought information from the India Office¹³¹. It took the latter a fortnight to arrive at a decision: the India Office 'does not consider it advisable to remonstrate with the Chinese Government against their decision to put into immediate execution the Additional Article...on the ground that the arrangements agreed on by the Hong Kong Commission have not yet been brought into operation. The enforcement of the Additional Article was not made conditional upon

the completion of arrangements at Hong Kong.' However, two objections could be pointed out. Firstly, to allow the Chinese customs at the blockade stations to collect the combined duty would be contrary to clause 2 of the Additional Article since it called for the collection by the Foreign Inspectorate; and secondly, Marquis Tseng's letter of 23 March 1886 should be referred to, since he expressed the view that full effect could not be given to the Additional Article until arrangements for the suppression of opium smuggling from Hong Kong had been made¹³².

These arguments given by the India Office became the 'instructions' that the Foreign Office desperately needed and they were immediately communicated to Walsham for him to transmit to the Tsungli-yamen¹³³. They were, however, immediately invalidated by Walsham, who appealed to the Foreign Office that he should be excused from addressing such a communiqué to the Tsungli-yamen. He reasoned that since the Chinese customs stations around Hong Kong and Macao only controlled junk-carried opium, the Additional Article could not be applied. After 31 March when the Foreign Inspectorate would take over these stations, it would then be in accordance with clause 2, irrespective of whether the Hong Kong ordinance had been passed by then or not. Moreover, to use Marquis Tseng's letter, Walsham believed that he would receive the obvious rejoinder that it was written in response to the British government's query as to why the agreement had not been put into operation. There was nothing in the agreement that would make its general application conditional on the issue of the specific enquiry entrusted to the Hong Kong Commission¹³⁴. The Foreign Office replied that Walsham should use his discretion whether to advance the India Office's arguments or not¹³⁵. This was tantamount to saying that no representation was to be made, and none was. China was allowed to proceed with its plan

without any interference.

The decision by the Imperial government was, in fact, made a month or so before it was made known. On 21 December 1886, Hart had already drawn up a preliminary circular to his commissioners informing them that the joint collection would commence early in the spring of 1887, and that they must ensure that godown or hulk facilities under their control must be large enough to accomodate the opium that would be bonded. He also mentioned that since Shanghai had long possessed private-owned receiving ships, arrangements made there for joint collection would be different from the other Treaty ports. Then he gave a summary of how the collection should be managed¹³⁶.

On 20 January 1887, detailed instructions were issued to the Shanghai commissioner, and also another general circular to commissioners at other Treaty ports containing similar instructions. Briefly, at Shanghai, opium that arrived there should be deposited in the Foreign Inspectorate's hulks and could only be removed after the joint collection had been paid. Different passes etc. were used for different destinations of the opium, such as that for re-export. Distinctions were made because Shanghai was the centre for transshipment. For the other Treaty ports, arrangements were similar but the circular was more concerned with the issuance of proper exemption certificates which would allow opium freedom of movement after payment of the joint duties¹³⁷.

The problem of whether opium that had arrived at the Treaty ports before 1 February 1887, i.e. before the beginning of joint collection by the Foreign Inspectorate, should pay the joint duties or whether some other arrangements should be made manifested itself after the Foreign Inspectorate took over the collection. On 3 February Hart, in response to such queries from his commissioners, issued another circular which clarified the matter. Principles for guidance were four in number:

1) old likin offices' connection with the levy of likin had ceased on 31 January 1887; 2) from 1 february 1887 the Foreign Inspectorate had taken over likin collection on opium; 3) opium that had arrived during February must pay the joint duties; and 4) opium that had arrived before February should have paid likin at the old offices, but if this right had not been taken, such opium had three alternatives - pay the joint duties and obtain freedom from further levies, pay the old likin at the Foreign Inspectorate but still liable to further levies, and if either of the above alternatives were not taken, then the opium would be liable to a special likin of 300 taels¹³⁸. Then in mid-May, because of the huge amount of opium that had been imported and placed in bond at Shanghai before 1 February, a special arrangement was made there whereby if half the new likin rate was paid (40 taels), the opium would be exempted from further payments if sold in Kiangsu, i.e. the province of Shanghai, whereas full payment of 80 taels likin would secure the drug exemption from further levies throughout China¹³⁹.

Because of the unsettled state of arrangements that had been made with Hong Kong and were being made with Macao at Lisbon, special instructions were issued to the two newly-appointed commissioners at the Kowloon and Lappa customs stations - F.A. Morgan and E. Farago¹⁴⁰. This was done on 4 March. The two commissioners were to ensure that junks leaving from Hong Kong call at the most convenient customs station and pay the Hoppo's duty according to the Hoppo's tariff, provincial likin according to the Governor-General's tariff (these were on imports other than opium) and Tariff duty and Convention likin on opium, i.e. the joint duties. Sufficient staff to carry out the job as well as with the help of seventeen revenue cruisers would be provided. They, together with the Canton commissioner, were to call on both the Hoppo and the Governor-General to obtain details of the tariff

for general duties and likin on general merchandise levied by them at present, so that the collection could be continued uninterrupted. They should also familiarize themselves with details of the customs stations and to consult with J. Russell of Hong Kong the steps each side would take when Hong Kong's co-operation were to come into operation. Characteristically Hart cautioned Morgan (and indirectly Farago too though the Lappa station would not yet be in operation because Macao would follow Hong Kong's lead): 'The work which is now to be commenced is at once popular and unpopular, has its purely colonial as well as its purely Chinese side, - will meet with support from some quarters and obstruction from others, - may produce useful results if well managed and may as easily do the opposite if there should be any mismanagement, - and your doings of every kind, private and public, will be watched, noted and talked about;'. In a word, I look to you to introduce our system very quietly and very gradually, and I rely on you to give neither Chinese junk-traders cause of complaint nor colonial critics mistakes to criticise.'¹⁴¹

In a subsequent despatch, Hart noted that he had been misinformed by the Tsungli-yamen and now knew that the Governor-General collected likin on certain commodities, including opium, and that the Hoppo only collected ordinary duty on opium. Morgan was instructed to ascertain the facts with discreet enquiries and also to find out the exact rates etc.. He was also asked to obtain specific details from the Hoppo and the Governor-General the names of the customs stations, the amount collected by each station ending 31 March 1887 and from any earlier date so as to obtain the result of the amount collected during a given period, and the amount of goods that had paid duties during that same period¹⁴².

The need for this additional information, in all probability, was due to the beginning of a 'conflict of interests' between the Tsungli-yamen, representing the

Imperial government, and Chang Chih-tung (Governor-General of Liang-kwang, and supported by Wu Ta-ch'eng, Governor of Kwangtung), representing the Canton government, over the levying of duties and dues - especially the provincial ones¹⁴³. However, opposition was only manifested from Liang-kwang; other provincial governments, undoubtedly as unwilling since it would mean a loss in provincial revenue, submitted to the Imperial wish. The powerful Shanghai Taotai, for example, agreed to the directive without question in late January 1887¹⁴⁴; Imperial directives asking for details of amount collected at Treaty ports etc. were received promptly¹⁴⁵, and in early March 1887, Hart was able to report that joint collection was working smoothly¹⁴⁶.

Conflict between the Imperial and Canton governments began on 24 February when the Tsungli-yamen requested Chang Chih-tung and the Hoppo to forward returns of the revenue collected by the customs stations around Hong Kong and Macao¹⁴⁷. Chang replied saying that owing to increased smuggling activities, collection had been greatly reduced; introduction of 'compensation levies' (or additional duty) had led to a slight increase resulting in the collection of 100,000 taels which was just sufficient to compensate for deficiencies in the provincial coffers. Chang added the comment, in reference to Macao's demand for the suppression of the barrier station between Macao and China on the mainland, that withdrawal of the barrier would result in increased smuggling and could lead to serious consequences. He also insisted that this barrier had nothing to do with the joint collection of duties on opium¹⁴⁸.

The Tsungli-yamen replied by arguing that Hart's negotiations with Hong Kong and Portugal had resulted in a solution to prevent smuggling activities; Hart had estimated that this would increase the Imperial revenue by 7 to 8 million taels a year. However, co-operation

from Hong Kong and Macao was dependent on the taking over of the customs stations by the Foreign Inspectorate and the withdrawal of the barrier station. Thus, Chang should give the amount of 'compensation levies' that had been collected to the Foreign Inspectorate, and Hart's representative would call on the Governor-General on 14 March to obtain the money and to receive tariff and regulations at the customs stations¹⁴⁹.

Chang, in three consecutive memorials, tried to justify the position he had taken. He complained that if all collections were handed over to the Foreign Inspectorate, all of China's revenue would be in 'foreign' hands; revenue the Foreign Inspectorate would collect would be deposited in a 'foreign' bank at Hong Kong; the Foreign Inspectorate could not look after the collections satisfactorily because its staff did not work after office hours or on Sundays; the abolition of the barrier station (and some customs - blockade - stations) was conditional on the installation of new stations on Macao and Hong Kong territory, and since this was not the case now, the stations should be continued; and the duties that had been collected by native customs throughout China had amounted to over 15 million taels which should prove the efficiency of the native customs and these should be continued. Chang then agreed to hand over the responsibility of joint collection on opium to the Foreign Inspectorate¹⁵⁰.

This apparent disobedience to Imperial orders provoked two strongly-worded telegraphic messages to Chang, Wu and the Hoppo. The first took the form of an Imperial edict which ordered Chang to accept without further complaints and delay the collection of all duties and dues by the Foreign Inspectorate¹⁵¹. The second came from the Tsungli-yamen which refuted his objections. It said that owing to corruption and inefficiency in the past, native customs had collected very little. The agreements that had been arrived at with Hong Kong and Macao had been the result of

a year's negotiations and were totally dependent on the Foreign Inspectorate taking over control of all customs collection. Chang was reminded that the Foreign Inspectorate was founded and controlled by the Imperial government and the revenue collected was for the country. It was also noted that the new measures would be beneficial rather than detrimental to Canton's treasury¹⁵².

Chang, upon receipt of the Imperial edict, cabled the Tsungli-yamen on the same day to say that orders had been issued to commanders of the six customs stations that they should hand over all power and authority to the Foreign Inspectorate on 1 April¹⁵³. Governor Wu also replied, possibly on behalf of Chang after the Tsungli-yamen's telegram, that orders would be complied with but again pointed out that although the Foreign Inspectorate's collection would provide more revenue for China, at the same time it would be detrimental to the Canton budget. The Tsungli-yamen was asked to consider this subject¹⁵⁴.

The 'conflict of interests' did not end at this stage. Despite promises that all collections would be given to the Foreign Inspectorate, stations at other places were still retained outside the Hong Kong-Macao area - they were the ones at Canton, Swatow, Kiungchow and Pakhoi. On 31 May, the Tsungli-yamen cabled the Hoppo that he should hand over the collection of regular duties on general merchandise to the Foreign Inspectorate, and cautioned him that this was a decision agreed to by the Emperor and warned him not to dispute the order. However, the tone of the telegram was very much moderated by an assurance that the amount so collected would be transmitted to his office¹⁵⁵. This was followed by a second telegram ordering the transfer to take place on 1 July¹⁵⁶.

The Hoppo did not do so, and a repeated order was made, followed by three more telegrams explaining why the transfer was necessary¹⁵⁷. The most important reason given

was that in order to enforce the Additional Article and the levy of dues on other goods, there must be a centralized customs collectorate to achieve uniformity in collection and in regulations and methods. The collection of all dues and duties by the Foreign Inspectorate at all customs stations and land barriers on imports and exports would greatly facilitate this centralization, and at the same time would prevent any possible evasion of duties or irregularities in the rates charged. The Tsungli-yamen then reiterated the fact that the Imperial government had no intention of depriving the Hoppo of the revenues due him, and had already instructed the Foreign Inspectorate to transmit the sum collected to his office. Under these assurances and after the actual transfer of the sum collected in June and then September (and thereafter at three-month intervals), the Hoppo finally agreed and effected the transfer¹⁵⁸.

As a result of correspondence accompanied by threats and explanations from the Tsungli-yamen, similar in nature to those with the Hoppo, an agreement was also reached with Governor-General Chang Chih-tung in mid-September 1887¹⁵⁹. He was given the likin on opium and other merchandise for provincial uses¹⁶⁰; the first payment was made to him from the Foreign Inspectorate in late November¹⁶¹. On this date, the Foreign Inspectorate finally obtained full control of revenue collection at Liang-kwang - Kwangtung and Kwangsi, the only two provinces of China that had held out against the 'encroachment' into their native customs' establishment¹⁶².

During this period, two other closely inter-related issues also made themselves felt. One was of minor importance but the other was of major significance.

The minor issue concerned the method and amount of dues to be levied on 'prepared opium'. The question arose in April, when Hong Kong merchants began to complain against the restrictions on breaking up chests of opium

for selling purposes. It was realized that smuggling into China of prepared opium, in very small portions, would be extremely easy. The illicit transport of prepared native opium in Treaty ports would be just as simple, 'if not easier. This was pointed out by Chang Chih-tung and Marquis Tseng. The latter suggested that native customs should collect a tax of 37 taels and a likin of 100 taels per picul on prepared native opium. After consultation with Hart, this amount was agreed upon for any prepared opium imported into China. Payment of this sum would exempt it from further inland dues and this did not depend on whether the joint duties had already been collected on it or not before it was prepared¹⁶³. The question of how to prevent prepared opium from being smuggled into China from Hong Kong was worked out with the Colonial government at a slightly later date.

The major issue happened in Hong Kong. Opposition to the bill entitled 'An Ordinance for the better regulating of the trade in Opium', i.e. based on Russell's proposal of 1886, started when it was tabled at the Legislative Council for its first reading on 18 March 1887, and passed by a majority because of the pro-government vote of the official members¹⁶⁴.

The points of contention were clauses 3 and 4 of the ordinance which read: '3. No person shall bring into the Colony or the waters thereof or receive therein Opium except in whole chests, and no person shall be permitted to export from the Colony or its waters Opium except in whole chests. 4. No person except the Opium Farmer shall have in his possession or under his custody or control Opium in quantities less than one chest.'¹⁶⁵

Immediately after the first reading, two petitions were presented to the Council. The first was by a group of merchants (including the two Sassoon companies) which petitioned 'for and on behalf of the Opium Importers and wholesale Opium Merchants of the said Colony' on 22 March;

and the second came the next day from a body of Chinese merchants who 'deal largely in Raw Opium, buying and selling it in quantities less than one chest, and have a large capital engaged in the said business, and they employ in their said business many hundreds of persons.' What the petitioners wanted was a postponement of the second reading of the bill until after they had expressed their objections and had drawn up amendments. These petitions were read by the acting Colonial Secretary in the Council meeting of 25 March, and it was agreed the petitioners would be heard at the next meeting¹⁶⁶.

When the Council met again on 30 March, Mr. Francis spoke on behalf of the Chinese opium dealers and said that about 100,000 chests of opium arrived in Hong Kong every year and out of that only 48,000 chests passed through the Colony. For the remainder, business transactions were done at Hong Kong. ~~Bengal opium was regulated by~~ the Indian government to 40 balls per chest and posed no problem as far as the bill was concerned. However, Malwa, Persian and Turkish opium came in varying quantities and different sizes. It had to be repacked to be sold, but the bill forbade this. Since the yearly trade in retail sale of opium in Hong Kong amounted to 36,000 chests or \$18 million, passage of the bill would mean to the Chinese dealers the loss of this amount every year. Mr. Brereton represented the wholesalers and argued that the bill was far too severe in light of the small amount of smuggling it was intended to check. Its introduction would lead to the extinction not only of the retail trade to the amount of 52,000 chests a year, but also of the 48,000 chests a year in transit¹⁶⁷.

Then on 4 April, a scheme was proposed to allow export of raw opium in quantities of less than one chest. It was framed by C.P. Chater, approved by both Francis and Brereton on behalf of their clients, and the Hong Kong General Chamber of Commerce also signified its willingness

to abide by it. The scheme essentially called for the issue of special licences by the Hong Kong government at a nominal fee, to dealers undertaking such activities. The licencees would then comply with certain conditions which, if duly enforced by the government, would prevent any smuggling activities¹⁶⁸.

This was forwarded by Marsh to the Colonial Office and to Walsham. In the latter communiqué, he commented that Morgan, the commissioner at the Kowloon station, had seen the amendment and believed that Hart might agree to it; he wanted Walsham to gauge China's reaction. He added that the Hong Kong government had been doing its best to help China in the collection of her duties, such as passing the bill for the prevention of armed bands. The government was also quite prepared to hurry the bill through its second and final readings, which could be easily done because of the overwhelming majority of official members in the Legislative Council. However, such a move might arouse the hostility of the entire mercantile community and it might lead to much unpleasantness¹⁶⁹.

Morgan, in reporting these events to Hart, noted that Russell, the framer of the bill, considered that the proposed alterations rectified the defects in his original bill and had reacted favourably to them. He also pointed out that the opposition to the bill mounted by the mercantile community was a strong one and had to be considered as a factor in deciding whether the alterations should be accepted or not¹⁷⁰.

Hart cabled Morgan first to ask if the Hong Kong government would enforce the original version of the bill if the Tsungli-yamen decided to refuse the amendments suggested? Second, he asked that Morgan and the three other commissioners should discuss the matter and provide him with their conclusions. He also mentioned that Chang Chih-tung had cabled the Tsungli-yamen recommending that the amendments should be rejected¹⁷¹. Morgan's replies to

the questions were that the Hong Kong government would enforce the original version, and that the conclusion of the commissioners was that consideration should be taken of the desire to conciliate mercantile feeling with China's revenue interests and the smoother working of the ordinance by the Hong Kong government, and believed that the amended ordinance would be acceptable if the breaking up of chests was confined to the opium farmer¹⁷².

Hart and the Tsungli-yamen were very displeased with the amended ordinance, but after some long deliberations, decided that it was worth a try if 'the export from the Colony of opium in quantities less than a whole chest would be restricted with respect to conveyance to junks and the Canton river steamers.' This would mean, stated in another way, the confinement of trade under one chest to Canton¹⁷³. Hart also was of the opinion that the amendment would place opium at Macao much better within the grasp of the Foreign Inspectorate¹⁷⁴.

The Hong Kong government passed China's proposed amendment on 27 May, and on the following day, the amended version of the ordinance entitled 'An Ordinance enacted by the Governor of Hong Kong, with the advice of the Legislative Council thereof, for the better regulating of the trade in Opium' was passed by the Legislative Council and became Ordinance No. 22 of 1887¹⁷⁵. Then on 31 May, 'Terms and Conditions: Under the provisions of the Opium Ordinances 1884 and 1887, of Licenses for the sale of Opium intended for export in quantities less than one chest' was approved by the Governor in Council¹⁷⁶. After these had been sent to the Colonial Office, the Ordinance received the Queen's confirmation on 18 July¹⁷⁷. This was merely a formality because the Ordinance had become law in Hong Kong and had been operating since 1 June, and Macao had followed on the third of the same month¹⁷⁸.

Thus, after more than twenty-seven years of almost

continuous negotiation since the import of opium was legalized, the Opium Question was finally settled. The solutions were ones considered satisfactory to all governments concerned - Chinese, British, Indian and Hong Kong.

Reactions after the instigation of joint collection

Of the reactions to joint collection, by far the most important incident, if it could be called that, was the refusal by the Canton government to allow the Foreign Inspectorate to take over the collection. As has been mentioned previously, this was eventually settled with the Imperial government giving way to the Liang-kwang authorities with regard to the allocation of the likin on opium and general merchandise.

In the three years following the implementation of the Additional Article, there were three other 'reactions', but they were insignificant compared to the above. The fact that they were trivial meant that not only the governments concerned but also the opium merchants were satisfied with the agreement. What Hart had said after the joint collection had only been in operation for less than three months held true for the following years: 'Our opium work is going along satisfactorily, and the result will be a greater sale of Indian opium than ever and at a slightly cheaper rate to consumers.'¹⁷⁹

Of the reactions, it would be better to deal with them in chronological order since this would better reflect the nature and the 'intensity' of response to the enforcement of the Additional Article.

When it was known that the Additional Article would be implemented on 1 February 1887, the likin at Amoy was drastically reduced from \$173 to \$70 per chest. Large quantities of opium were imported and sold. The officiating consul there remarked that, at one time, within a period of three days, 1,000 chests were imported¹⁸⁰. The attempt to evade the new rate of likin through a maximum import

before it was introduced was manifested in other Treaty ports. The Foreign Inspectorate's returns for 1887 showed that a total of 17,100 piculs was imported to escape the new rate¹⁸¹.

This led to the second reaction, and this time it was from the Shanghai merchants, represented by Jardine, Matheson and Co. and the Sassoon companies. Before the joint collection started, 3,600 chests had been imported into Shanghai, had paid the Tariff duty and had been stored in the foreign firms' warehouses. This was in expectation of a drastic increase in the price of opium after the new rate of likin became operative. What the merchants did not contemplate on was the introduction by the Foreign Inspectorate, in conjunction with the local native customs, of three alternatives that the importer could choose from¹⁸².

This resulted in a number of petitions to the Foreign Office. Keswick, representing the Jardine firm, complained that the ruling by the Foreign Inspectorate was illegal because Shanghai was recognized as an area where likin was not leviable and such a levy would greatly threaten the international commerce in opium¹⁸³. David Sassoon and Co. protested that the Foreign Inspectorate had no right to enforce importers to pay the likin since it was stored in the foreign settlements and argued that it was contrary to the Additional Article¹⁸⁴. The 'North China Herald' also published an article which denounced the proceedings of the Foreign Inspectorate as 'high-handed', but also said that, 'the importers and dealers in opium in Shanghai are a fine body of men, accustomed to look after themselves, and we shall look with interest for the development of their contest with authority.'¹⁸⁵

'Authority' in the person of Hart and his commissioners did not give in. The Foreign Office, after consultations with Walsham, the India and Colonial Offices, gave a decision contrary to mercantile hopes. Walsham explained

explained the provisions the Foreign Inspectorate had drawn up and rejected the merchants' argument that they were forced to pay the new rate, and accused them of intending to defraud China's revenue: 'The present opposition in certain quarters to the new system is solely due to the hope entertained by Chinese purchasers of the old stock of opium that they will be able to evade all payment of likin on it, whether at the old or new rate, and I have no hesitation whatever in saying without perfect frankness that the Foreign Importer should not receive any encouragement in becoming even indirectly a party to such an attempt at defrauding the Public Revenue.'¹⁸⁶

The reply that the Foreign Office, with full concurrence from the Colonial and Indian Offices, gave to the merchants was to the point. They had no grounds of complaint and they had the option either to pay the new rate or to leave their Chinese buyers to pay whatever likin might be imposed; they were advised to pay the new rate so as to free opium from further levies¹⁸⁷.

The third incident came in April and August at Foochow, when the local native customs attempted to create interference with the collection of the Foreign Inspectorate, and harassed the foreign importers by trying to levy additional dues on opium. However, the incident, on a much smaller scale than the opposition from the Canton government, was closed after a stiff directive from the Tsungli-yamen¹⁸⁸.

All considered, the transfer of likin collection responsibilities from the native customs to the Foreign Inspectorate was accomplished with surprisingly little turmoil and obstruction from those directly connected with the opium trade - the native customs and the opium dealers, foreign and Chinese. Co-operation from the Hong Kong and Macao governments were also as intent and earnest as what they had promised. Joint collection at the Treaty ports was done smoothly and efficiently. As late

as March 1894, Hart was able to remark that, 'since which time [1887] simultaneous collection has gone on easily at the ports, there is no coast smuggling (properly so called), and the relations at Hong Kong and Macao have never become strained.'¹⁸⁹ A new era indeed had begun in the opium trade.

CHAPTER 9: CONCLUSION.

General Summary

When Elgin negotiated with Kuei-liang for the legalization of opium, neither men realized the problems the trade and the two governments would encounter in the ensuing decades. They knew that despite its official prohibition in China, opium had been almost openly imported and taxed. The inability, and possibly the unwillingness, on the part of the Chinese Government, whether Imperial or provincial, to enforce the prohibition meant that China should leave its moral considerations on one side and look on the drug as an additional source of revenue. However, because it was an import that definitely did and would do harm to China, it had to be treated differently from the other western imports. Rule V of the supplementary commercial agreement to the Treaty of Tientsin laid down the conditions by which opium could be imported into China. The negotiators believed that this rule would take care of any problem the trade might encounter in the future; and at the same time provide a fitting end to the anomalies that had existed after the first treaty settlements of 1842-43.

This confidence could well have been realized if it had not been for the introduction of new factors which either had not been contemplated by the negotiators or had been purposedly ignored. By restricting the opium trade in Chinese hands after the drug's arrival in China, both the local governments and the Chinese traders were left free to employ different systems regarding not only the trade itself but the taxation of the drug (likin and other dues). Of these, the most prevalent was the return to monopolies similar if not identical to the co-hong system of the pre-treaty period. Friction was generated between the foreign importers and the monopolies, with the local governments also participating in the strife. At the same time, the arbitrary and differing rates of likin and other dues levied

on the drug at different Treaty ports also led to complaints, as well as an unnatural channelling of the trade into ports that levied the least rates or gave the highest rebates. Smuggling of the drug from Hong Kong and Macao to the south China coast and from province to province created further problems. To add to these complexities, peasants in the western provinces of China began to cultivate the poppy in increasing quantities and this started to affect the import of the foreign drug.

Nevertheless, in the eight years after the legalization of opium, apart from complaints and comments, these factors, which had become problems, were not taken up by either government. However, during the course of negotiations for revision of the commercial agreements between China and Britain in the 1868-69 period, these problems became more and more prominent. The blockade of Hong Kong, enlarged into an 'international conflict' by the Colonial government and its merchants from a purely local affair further pressed the problems into the limelight. When Alcock agreed to the increase in the Tariff duty on the drug, and wrote it into his agreement, the Opium Question became an official issue. Non-ratification of the Alcock Convention meant that in future negotiations this Question would have to be included. Subsequently, refusal by the British government to ratify the opium clause in the Chefoo Convention of 1876 on the one hand, and the carrying out of convention stipulations by China on the other, forced the British government to find a solution to the Opium Question. This, of course, was eventually found with the signing of the Additional Article in 1885 and the proclamation of Ordinance No. 22 of 1887 by the Hong Kong government.

In reviewing the Opium Question as a whole, that it in its three aspects - taxation of foreign opium, blockade of Hong Kong and native opium - one must bear in mind that each of these aspects played its separate rôle, in differing degrees of importance at different times. Moreover, at certain

periods they were so closely related as to be inseparable, whilst during other times they were almost totally unconnected. Looking at the period between 1860 and 1887 as a whole, we can say, in the nature of a general appraisal, the the problems of taxation remained paramount throughout. Concern about native opium occupied the minds of both governments until the early eighties, when it was realized that there was nothing either side could do and tacitly agreed to allow it to pursue its own course. The threat of its competition to the Indian drug was present all the time, and the British government was always conscious of this. However, the tacit understanding, which amounted to a laissez-passer maxim, meant that this particular issue was pushed into the background. The blockade issue was intimately related with the taxation question from its inception to the non-ratification of the Chefoo Convention. However, after this date, the two went their separate ways until the Additional Article of 1885, when they became once more completely inter-related. Thus, this agreement had to be followed by the Hong Kong Ordinance of 1887, which in fact was an agreement reached between the Chinese and Hong Kong governments over the blockade issue.

This brief summary will provide us with the necessary background to analyse each of the three aspects of the Opium Question separately.

The taxation of foreign opium: The joint-collection of Tariff duty and likin by the Foreign Inspectorate saw the beginning of an era of centralization and uniformity. It contrasted immensely with the methods and irregularities of collection in the previous three decades. By its very existence, it completely changed the pattern of the opium trade in China. Gone were the monopolies that had flourished in the Treaty ports and opium was traded freely without harassment and obstruction from the local authorities. Relations between the local governments and dealers greatly improved¹. Gone were the different rates of likin and other

dues that were levied at the ports, with their accompanying rebate-systems and farm-contracts which had arbitrarily channelled the trade to certain ports to the detriment of others. The Commissioner at Wenchow remarked in 1887 that the port previously had a lot of the trade because most of the opium destined for Fukien province came through it owing to the lower rate of dues than those imposed at Foochow. With equalization of the likin rate, most of the trade had gone back to Foochow². Previously, a great amount of opium was transported clandestinely from province to province and district to district, escaping the likin barriers; once broken up into small parcels, it was almost impossible to stop such traffic. This was now in the past, since once having paid the joint-duty, opium was no longer susceptible to any further levies. The drug was circulated freely in China without any fear of hindrance. Thus, both the foreign importer and the Chinese dealer did not complain about the joint collection. As long as they abided by the regulations, simple and uniform at all the ports, they would encounter no obstruction. Moreover, the Foreign Inspectorate's officials were better persons to deal with than the erratic and corruptible collectors from the local governments.

As far as the Imperial government was concerned, joint collection meant increased centralization of authority in respect to the opium revenue. The provincial governments, despite their unwillingness, had accepted this centralization. There are no statistics to prove it, but obviously the Imperial government benefitted financially from this arrangement much more than the provinces although a percentage of the revenue was allotted to these local authorities for their use.

As to the question of whether the joint-collection of 110 taels per picul on opium represented an increase or decrease in the total revenue of China, i.e. the amount collected previously by the Imperial and provincial governments separately, the answer is that there was a definite increase.

It should be remembered that during the negotiations in the late 1870s, when Wade suggested a total of 40 taels likin per picul, he had already said that the figure was an over-estimate. By looking at the rate collected at the Treaty ports and at the barriers, and also taking into account monopolies, rebates and evasions, China obviously obtained more under this new arrangement. It can be argued, however, that Foochow, in 1883, had collected a likin of 86 taels and was now collecting less; but it is likewise true that Chinkiang, which had only been collecting 16.5 taels, was now collecting much more³. Again, taking Shanghai as a mean, its previous average collection of 35.27 taels compared to the 80 taels now would certainly point to an increase⁴.

All considered, joint collection became an arrangement that was not only beneficial to the governments concerned (the British government in the sense that the Opium Question had been solved), but also to the merchants involved in the trade. The Additional Article was to last initially for a period of four years, and its renewal after the expiry of the original term must be taken as an expression of satisfaction by both governments to the continuation of the arrangement.

The customs blockade of Hong Kong (and Macao): The blockade came about because of the tremendous amount of opium smuggling from Hong Kong and Macao - much more so from the former place since it was the receiver for almost all the opium destined for China. The Imperial government was aware of the extent of this clandestine trade and the amount of revenue it was losing every year. The estimate, made by Alcock and supported by Hart, that it amounted to one million taels every year (this would include Tariff duty, likin and other dues) and compared with the total opium revenue (from Tariff duty alone) which averaged 1.6 million taels a year, would show the effect smuggling had on the government's annual revenue⁵. Nevertheless, the Imperial

government did not adopt any positive action towards eliminating this clandestine trade. This was, in fact, in keeping with the 'traditional' precedents for provincial authorities to deal with 'barbarian affairs', and the general 'passive' rôle of the Court at Peking. Thus, initiative in setting up the blockade came completely from the Governor-General of Liang-kwang, Jui-lin. Moreover, introduction of other levies by the Hoppo and the salt comptroller only came after Jui-lin's scheme had been proven successful. The Imperial government's 'contribution' simply took the form of an acknowledgment of the blockade's existence. During the first years all the complaints from the Hong Kong government and the mercantile community were dealt with on the spot and as far as China was concerned, on the local or provincial level. The Canton authorities shouldered full responsibility and reaped the financial rewards of the blockade. Even after the blockade issue was brought into the negotiations for the Alcock Convention, and it had become an international rather than a local affair, the Imperial government still did not interfere or participate in the issue. With regard to the commission that was written into the Chefoo Convention, the Governor-General of Liang-kwang was asked by the Imperial government to appoint a Chinese representative. Thus, interest shown at Peking to the blockade question was, at most, minimal, until after the signing of the Additional Article in 1885 when full control was insisted upon.

The explanation very possibly lies in the great degree of local autonomy that was given to the provincial governments, especially with regard to the collection of local dues, i.e. those apart from the Tariff duty. The unwillingness and possibly the inability of the Imperial government to control provincial affairs, was demonstrated in this case. Conversely, the unwillingness on the part of the provincial governments to allow this to happen could also be seen. Governor-General Chang Chih-tung's reluctance to hand over the stations to

the Foreign Inspectorate in 1887 is another case in point. However, that the Imperial government was finally able to implement the joint collection showed that it had re-exerted some control over the provincial authorities. It must also be pointed out that other provincial authorities did not try to contest the authority of the Imperial government over this issue. This goes to prove that the control over China by Peking, though latent more than obvious, was very much present. That such a control, apparent mostly on paper (Ch'ing Statutes, etc.), was seldom exercised to any perceptible degree was due more to a 'traditional' acceptance of local autonomy concerning provincial matters than to any lack of effective means of supervision and control⁶.

The blockade itself, purely on the local scene, demonstrated fully the intention of the Canton government. It did not want such a vast amount of revenue to slip through its fingers. Nevertheless, it had allowed this to happen for eight years before the necessary steps were taken. The blockade started only because of the additional remittance to the capital that was asked for and additional revenue was urgently required. However, the careful planning of the blockade, the strictest abidance to Treaty stipulations and the full awareness of international law were points to be commended. But the contributions made by Consul Robertson should not be forgotten either. Without his help, the Canton authorities most probably would be unable to achieve, free from friction and accusations, as much as it did. Conversely, the Hong Kong government would have had many more real cases of complaint against the illegal activities of the blockade. The assistance from the Foreign Inspectorate, though limited because of the lack of trust and co-operation between the two Chinese customs organizations, also has to be taken into consideration.

By the early eighties, because of the acceptance of the blockade as a necessary evil by the mercantile community at Hong Kong, grievances and complaints had greatly diminished.

On China's side, this system of surveillance was proving more expensive and less rewarding in the sense that there were comparatively few smuggling attempts. Therefore, in the Hong Kong Blockade Commission of 1886 a solution was quite easily arrived at, and after Macao had agreed to participate in the scheme, it was carried out with rigour and austerity.

The successes of the solutions to the blockade and that of joint-collection were summarized aptly by Hart in mid-1888: 'A year and a half has now gone by since the Yamen decided to put the Additional Article in force, and the Hong Kong and Macao Ordinances have been almost a year in operation. It is gratifying to be able to record the fact that the new duties thrown upon the Customs have been well performed, and that the plan of co-operation is a success and gives excellent results both along the coast and locally at Hong Kong and Macao. The promptness with which the simultaneous collection was commenced, after brief preparation and at the time fixed, from Newchwang to Pakhoi, - the admirable manner in which revenue has ever since been collected, and the tedious and responsible work of warehousing, stamping, and releasing Opium carried on, - the success with which obstacles that threatened difficulty have been met and removed, - the general feeling of content that is found everywhere, now that all ports levy likin at the same rate, and the natural routes for reaching the best markets need no longer be shunned, - and the easy working of the Hong Kong arrangement, the linch-pin of the Opium revenue wheel, - are, one and all, noteworthy, satisfactory, and credible....'⁷

Native opium: This third aspect, as has been mentioned earlier, exercised an overall influence on the Opium Question, and especially on the issue of the taxation of foreign opium. The Imperial government's concern was basically a moral one, but apart from the debates between Li Hung-chang and Tso Tsung-t'ang, and the famines of 1877 and 1878 which

drew attention to the amount of land used for poppy cultivation, little notice was paid to it. To the provincial governments, the taxation on poppy fields and the levy of dues on prepared native opium - financial considerations - became issues of some importance. The Anti-opium Society, in its fight for the prohibition of the opium trade, regarded it only as a side-issue, one that should be left entirely to the Chinese government to deal with. It was, therefore, to only the Indian government that it achieved prominence. The increased production of native opium and its rapid improvement in quality was proportional to the growth of concern and worry experienced by the Indian government. It became directly linked with the drawn-out negotiations over the taxation of Indian opium and was mainly responsible for the Indian government's acquiescence to the Additional Article.

Although China suggested that she would attempt to prohibit the cultivation of the poppy if agreement over the taxation of foreign opium was reached, and although the British government very much hoped this would be the case, it was not written into the Additional Article and China never tried to honour it. From reports submitted in the years after 1885, poppy cultivation expanded in an uninhibited way. Attempts were made by provincial governments to levy duties on it but these were purely for monetary considerations. On the same path, on 21 June 1891, Native Opium Regulations were drawn up by the Tsungli-yamen and the Board of Revenue and put into operation by an Imperial edict⁸. They called for the collection through the Foreign Inspectorate of a lo-ti-shui of 4.8 taels per picul payable in the interior, an export duty of 20 taels payable at the port of shipment, and 40 taels of Coast Trade Duty payable on discharge at any Treaty port⁹. At this stage, it could be said that the Chinese government had officially recognized the existence of native opium and also had officially tolerated its continued presence. Then in September 1906, renewed prohibition,

of poppy cultivation was promulgated. A year later, an agreement was reached with Britain whereby China would prohibit poppy cultivation and the Indian government would agree to an annually-decreasing import of Indian opium. In 1911, a few months before the October Revolution, the agreement with some minor changes was renewed. However, China's attempt at suppression of poppy cultivation was unsuccessful both in the last years of the Manchu dynasty and during the Republican period which saw the promulgation of similar interdicts¹⁰.

Conflict of Interests

The conflict of interests is the key to the full comprehension of the Opium Question. Conflicts existed at different levels and between different personalities: at inter-governmental and intra-governmental levels. We will analyse them one by one.

The basic or predominating conflict was, of course, that between the Chinese and British governments, each (to a large extent) dominated by both its own interests as well as those of its subordinate authorities, such as the Canton government in the case of China, and the Indian government in the case of Britain. There was, however, one marked difference between the two central governments. The Chinese one was much more concerned with its own welfare or well-being. The Opium Question was divided and separated into three unrelated compartments. The only concern was with the taxation of foreign opium and it wanted a settlement to its advantage. The blockade issue was left entirely to the Canton authorities to cope with until after 1885, while the question of native opium was regarded as China's very own and of no concern to Britain. Though this division was somewhat arbitrary, it ideally suited the government's negotiating platform.

On the other hand, although the Foreign Office and its diplomatic corps in China, was in the forefront of negotiations, it placed almost total reliance on the views and policies forwarded by the India Office, representing

the interests of the Indian government, and the Colonial Office, representing those of the Hong Kong government. To the British government, then, the Opium Question consisted of all three aspects intimately related to each other. Moreover, whilst China did not have to consider public opinion since it had little means of expression, the British government had to pay quite some respect to representations from both the mercantile communities and the anti-opium societies.

Thus, to China, the Opium Question was a simple and straight-forward affair; while to Britain, it was the very reverse. It is not unnatural, therefore, to observe that as negotiations proceeded, China became more and more on the offensive while Britain became increasingly on the defensive. Moreover, these factors or considerations also provided China with a more positive policy in contrast to what almost amounted to a lack of policy on the part of Britain. The latter, increasingly, reacted to proposals and arguments of others and was unable to advance any of its own¹¹. It was in this climate that the solutions to the Opium Question were finally found.

At the intra-governmental level, conflict of interests in China could be divided into three categories: that between the Imperial and provincial governments, that between the Foreign Inspectorate and the native customs, and that between officials. Always in the background was the over-riding conflict: the moral consideration as against the financial, and the ideal against the realistic. The question was whether or not the Manchu dynasty should uphold its traditional moral and ethical obligations to the people. The refusal, after the first Anglo-Chinese War, to legalize the drug was due to this; whereas legalization after the second war was due to practical considerations. In the years covered by this dissertation, this question came up many times. The eventual decision, however, was a foregone conclusion. The Imperial government's desire for additional

revenue and the support from powerful officials such as Li Hung-chang had already decided the issue long before the final resolution. Nevertheless, for the sake of tradition, if nothing else, the pretence or the façade of 'morality' was kept up for some time. Opposition from other high-ranking officials such as Tso Tsung-t'ang was also a consideration the Imperial government had to take into account.

The conflict of interests between the Imperial and provincial governments did not come into the limelight until after the Agreement of 1885. Though it was present throughout our period neither side was willing to raise the issue. The Imperial government was quite contented to receive some revenue from the provincial coffers and had no desire to interfere in local governments. It could be called a policy of *laissez faire*. The provincial governments, likewise, verbally heeded directives or Imperial instructions, but went on doing what they thought best, either for themselves or for their provinces. The edicts calling for the total suppression of poppy cultivation and the reactions from the provincial authorities could be regarded as cases in point. Another example may be found in the inability by both the Board of Revenue and the Tsungli-yamen to obtain statements as to the amount of likin and other dues collected when Wade wanted these figures in order to proceed with negotiations. The Tsungli-yamen even confessed that such statements were very difficult, if not impossible, to obtain since the provincial governments were very reluctant to reveal the actual amounts they collected.

In view of these facts, it is interesting to note the ease with which the Foreign Inspectorate was allowed to take over the collection of likin on opium in early 1887 at the Treaty ports. Although it is impossible to find out the actual reasons, a logical deduction would lead to the following ones. The Imperial government promised the provinces that a certain proportion of the revenue collected by the

Foreign Inspectorate would be given to them. This would go to meet the requirements for a steady and effortless income required by the local authorities. They would no longer be concerned with the prevention of smuggling, which had been immense, and the income, because of the high rate of likin to be collected, would definitely be more than before.

Under such considerations, the local governments were quite prepared to allow the Foreign Inspectorate to take over the difficult and thankless task of duty collection for them.

The case of Liang-kwang¹² was different. The Canton government's opposition to the takeover by the Foreign Inspectorate was due to financial considerations. The relationship between Canton and Hong Kong (and Macao), and the nature of the Colony as an entrepôt meant that the Canton government would lose much more in revenue compared with other provinces, which would gain from the takeover by the Foreign Inspectorate. Settlement of this issue, when the Imperial government agreed to hand over all the likin collected on opium and other merchandise, showed the predominance of economic preoccupations.

The conflict between the native customs and the Foreign Inspectorate was one based on financial considerations as well as the fact that the latter was administered by foreigners. The Foreign Inspectorate was established as a result of the 1858-60 treaties which came after China's second military defeat. Its institution meant that Tariff duties were no longer in the hands of the native customs as it was previously. It meant the establishment of uniform and impersonal rules and regulations for the conduct of foreign trade, conditions very different from those imposed on the trade by the native customs. It also meant the centralization, to a certain extent, of Imperial control over the provinces; and worst of all, it was headed and run by foreigners, and by the definition of the native customs authorities, they were untrustworthy. In fact, not only the native customs, but the Imperial government and the Tsungli-yamen, always

regarded Hart and the Inspectorate with suspicion and mistrust. The conflict between the two, then, was caused by jealousy and totally different outlooks. However, this conflict lay dormant and very seldom came out into the open. This was partly because of the perspicacity of Hart who called on his commissioners to co-operate and be extra-cautious in dealings with the native customs, for fear of antagonising them. Hart issued circular after circular to that effect. That the takeover in early 1887 was accomplished speedily and without much friction could be partly due to this.

With regard to the conflict between officials, this was probably more due to a struggle for power than to the Opium Question. The mid-century rebellions had resulted not only in a greater degree of local autonomy exercised by the provincial authorities, but also in an upsurge in the power of Chinese (Han) officials in control of their own regional armies. The Manchu government, in a sense, became dependent on them for the continued survival of the dynasty. Among the officials themselves, there was a struggle for supremacy and influence. The Opium Question became one of the issues of contention¹³. Thus, we have Tso Tsung-t'ang advocating the total suppression of the opium trade and the growth of the poppy in China, based on moral considerations; and Li Hung-chang advocating the opposite based on 'realistic' considerations. The Imperial government was in the middle, reacting alternately to favour this and that view; its rôle was a passive one. Li won the contest in the end and the opposition faded. When Tso died in 1885, Li was left as the dominant power¹⁴.

The conflict of interests within the British government was much more complicated, in that not only were there different interests represented by the different departments, but there was also public opinion to be taken into consideration. Moreover, there was also the conflict among the various services in Asia. In order to clarify these conflicts as best as we can, the interests of the parties concerned

will be dealt with separately.

The Foreign Office had no interest in the Opium Question as such. Its concern was in the regularization of diplomatic relations between the British and Chinese governments. However, the inclusion of opium taxation and the blockade in both the Alcock and Chefoo agreements, and their non-ratification, meant that the Foreign Office had to be involved. Nevertheless, since the taxation of opium was the concern of the India Office and the Indian government, and the blockade issue was the business of the Colonial Office and the Hong Kong government, the Foreign Office (and its ministers at Peking) negotiated with the Chinese authorities more on their behalf than for its own interest. However, public opinion manifested in petitions and memorials from the mercantile communities in Britain, China and Hong Kong, and the anti-opium societies were directed at the Foreign Office and these had to be relayed to the other departments concerned. Thus, throughout the protracted period of negotiations, its duty was basically that of a transmitter of decisions or the 'official spokesman' for the British government. Occasionally, advice was given to the other departments, but they were cautious ones and never seriously influenced the issues at stake.

The diplomatic corps in China, from the minister at Peking to the consuls at the Treaty ports, being representatives of the British government, acted in a like manner. Nonetheless, because of the difficulties in communication between Britain and China, the diplomatic corps, especially the ministers, had a certain independence of action. The agreements of 1869 and 1876, for example, were negotiated and signed at Peking without much reference to the Home government. However, the decision whether or not to act independently rested very much on the individual. Alcock, Wade and Robertson were such persons while their successors, were not of this calibre. Their rôles in the Opium Question will be dealt with in a subsequent section.

The India Office was totally dependent on the decisions arrived at by the Indian government until 1885, when it forced the latter to agree to the terms of the Additional Article. Although the India Office, by definition, could exercise control over the Indian government, yet this was never done. This could well be due to the fact that it had no answer to the Indian government's question as to where the revenue from opium should come from if the trade was terminated. Neither did the British government as a whole have the answer.¹⁵ The monopoly of Bengal opium and the excise duty control over Malwa was continued. Then in 1906, the general election in Britain saw the seating of 250 members in parliament who were committed to the support of the cause of the Anti-opium Society. This was followed by the appointment of John Morley and John Ellis, sympathisers to the Society, to the India Office as Secretary of State and Undersecretary respectively. In May, a motion was introduced in parliament calling for a speedy close to the opium traffic in India. Morley agreed on behalf of the government and promised that appropriate measures would be implemented. From that time on, the opium trade in India was gradually phased out¹⁶.

The Colonial Office was not as passive as the Foreign or India Offices. It did support the contentions of the Hong Kong government and made representations on its behalf when illegalities committed by the Canton government were proven. But, the Colonial government was reprimanded in no uncertain terms when it went to excesses. The assent to the legality of the blockade, despite objections from the Colonial government, is a case in point. The censure of Governor MacDonnell's criticisms of both Consul Robertson and Minister Alcock also show the degree of supervision it had over Hong Kong. When petitions from the Hong Kong mercantile community were received, these were again carefully weighed before steps were taken. Nevertheless, apart from issuing general instructions to guide the conduct of the

Colonial government, the latter was given a great deal of freedom to work out its own solutions to the blockade. Russell's scheme, proposed in the Hong Kong Blockade Commission of 1886, was made without any directives from the Colonial Office and was accepted by it without any comment. So were the alterations made to the Hong Kong Ordinance in 1887.

In a sense, therefore, the three branches of the Home government each took one aspect of the Opium Question as its own responsibility. The Foreign Office was concerned with the issue of the taxation of Indian opium in China, but this question was always referred to the India Office for its final decision. The India Office, and by extension the Indian government, was concerned with the growth of native opium in China. The Colonial Office was solely concerned with the blockade question. The Board of Trade, powerful in other matters, did not concern itself with the Opium Question which lay outside its jurisdiction.

As to the 'subordinate' governments in India and Hong Kong, they were much more interested and concerned because they were the ones directly affected by the outcome of negotiations to settle the Opium Question.

The Indian government was worried by the uncertainties of the future of the opium trade which would greatly affect its revenue. This was partly due to the increasing growth of Chinese opium and partly due to the complicated and harassing measures adopted by the Chinese native customs to levy likin and other dues on Indian opium¹⁷. Thus, in the process of negotiations, it was even willing to adopt a monopolistic scheme such as that proposed by Samuel. Its opposition to the introduction of any new legislation that would be considered detrimental to Indian interests, such as the opium clause in the Chefoo Convention, however was rapidly toned down until it finally accepted the Additional Article though it was one which would have been definitely rejected a few years earlier.

The pattern of the Hong Kong government's interests and

reactions were quite similar to the Indian ones. The initial outburst of anger and remonstrance against the blockade mellowed to one of acceptance and then to co-operation in 1887. Possibly it could be due to the realization by the government and the merchants that Hong Kong would fare better as an entrepôt and free-port if it were to be rid of any attachments to smuggling activities. Of course, the taking over of all duty collections by the Foreign Inspectorate, reputed for its honesty and fairness, also helped matters greatly.

Influence of mercantile communities, such as the chambers of commerce in Britain and Asia, in the shaping of Britain's policy towards China was immense. China had been 'opened' and the two wars had been fought for the sake of the British merchants, who were powerfully represented in parliament. Their voices could not go unheeded. The Alcock Convention suffered its fate because of their opposition. With the Chefoo Convention, although it was supported in some quarters such as the Manchester and Glasgow chambers of commerce, yet the great majority of the mercantile communities were hardly concerned with the outcome. This was because the third section of the Convention was very vaguely worded and of little importance. On the whole, these communities supported moves made by the government to better and regulate trade relations with China. Since little was done during this period in this direction, their activities were not pronounced.

The opium merchants were the most active since their future and profits were directly affected. Apart from petitioning to the Home government not to agree to anything that would be detrimental to the trade, the two Sassoon companies and Jardine, Matheson and Co. also managed to obtain support from some chambers of commerce such as those of Bombay, Shanghai, Hong Kong and of the London Merchants Association. Their representations corresponded with views expressed by the Indian and Hong Kong governments and each

gave support to the other either in forcing or restraining the actions of the Home government.

The Anti-opium Society, with the support from other organizations (mostly missionary ones) throughout Britain, also exerted great pressure on the government. The Society was committed to the total extinction of the involvement of the Home and Indian governments in the opium trade. It wanted the end of the Bengal monopoly and the curtailment of poppy growth in India. However, during this particular period, the Society was more interested in an interim measure - the ratification by the government of the opium clause in the Chefoo Convention. It pressed on with this objective relentlessly. The Society, with growing participation by people from all walks of life, grew in importance and by the early eighties had become an influential force, apolitical in nature, but still posing a serious threat to the governments of the day. Its moral voices had to be heeded and it was partly responsible for bringing about the agreement to the terms of the Additional Article by the British government.

It is with an understanding of these differing interests and motivating forces of the various departments and bodies that we can comprehend the Opium Question itself and the negotiations that led to its solutions. They were responsible for the prolonged length of negotiations because of the adoption of changing and different viewpoints and tactics. They also provided the basis of contention in the conflicts among the different parties.

The conflict among the three departments was seen in the interests each had and which were not necessarily compatible with one another. The conflict between the Home government and its diplomatic service in China came about when they differed in the ways to solve the issues in question. The conflict of the government with the mercantile bodies manifested itself in the non-ratification of the Alcock Convention initially and then in petitions and memorials from

them. The conflict between the government and the Anti-opium Society was revealed in parliamentary motions and debates over the ending of the opium trade. There were many others, such as that between the diplomatic corps in China and the Colonial government, between the latter and the Hong Kong mercantile community, and even between the India Office and the Indian government. These conflicts will not be repeated in detail, because they have already been treated in previous chapters. Suffice it to say that what the British government encountered in terms of internal conflict was much more complex than what the Chinese government was confronted with.

Personalities involved

Personalities also played an important rôle in the Opium Question. Men like Ministers Alcock and Wade; Consul Robertson; Governors MacDonnell, Kennedy and Hennessy; Governor-Generals Jui-lin, Li Hung-chang, Tso Tsung-t'ang and Chang Chih-tung; Chinese Ministers Kuo Sung-t'ao and Tseng Chi-tse; Inspector-General of Customs, Hart; and head of the Anti-opium Society, Lord Shaftesbury - all contributed in one way or the other, at one time or another, to the Opium Question by doing what they believed was correct.

British officials can be broadly divided into three categories. Alcock, Wade and Robertson belonged to one group and may be labelled 'Elgin's disciples' in the sense that they acted according to his principles - honesty, justice and a sense of fair play. Alcock and Robertson never resorted to the threat of force, though Wade did when he negotiated for his agreement. Yet all of them believed that in relations with China, a quid pro quo was essential. They took and gave. But they fell foul of the times - when the Home government, despite believing what they did was correct, could not support them, and when the merchants refused to recognize the validity and sense of their actions and arguments. They were unable to achieve what they wanted to accomplish but they left a profound mark on Sino-British

relations in the nineteenth century. Moreover, what they advocated was eventually accepted. Lord Shaftesbury, strong in his moral and upright beliefs, could also fit into this group except that he was much more concerned with Britain and India than with the problems in China¹⁸.

MacDonnell was representative of the very opposite trend. He may be considered a disciple of Palmerston. To him, everything must be done in the interests of the mercantile community, and if China was not agreeable to British demands, gunboats should be immediately resorted to, and China forced to accept them. Like his antagonists, Robertson and Alcock, he also fell foul of the times. The British government was unwilling to help the merchants to the extent that Palmerston or MacDonnell would go to. His contribution was minimal, apart from enlarging the issue of the blockade into 'international' proportions.

Kennedy and Hennessy were in between these two opposing poles. They tried to be just and fair, and to please both parties; in the end, they pleased no one - neither the Home government nor the mercantile community at Hong Kong.

As to the Chinese officials, they cannot be as easily categorized as their British counterparts. As a general rule, they reacted differently depending on the offices or positions they held, the period in which they were responsible to the Opium Question (in all its three aspects, collectively or separately), and the degree of influence and power they had during a given period. Thus, at one time, they could be working purely for self-interest, and at another date, for the welfare of the dynasty. Instead of classifying them into groups, we have to look at them individually. It is only through analysing the policies advocated and the actual deeds performed by each individual that we can surmise his motivations¹⁹. However, they are within the framework of the following: 'self-interest' defined as interest for themselves whether it was one of principle or for personal gains; the concern for the 'welfare' of the provinces or offices over which they rule; the respect for

moral principles or regard for practical considerations; and the interest for the dynasty and its subjects as a whole.

Bearing these points in mind, we can take a brief look at some of the key personalities. Jui-lin, when he instituted the blockade, did it because he needed additional revenue to comply with an Imperial order. He was a Manchu official loyal to his emperor, and did not possess ulterior motives. Tso Tsung-t'ang's moral outbursts seconded by Kuo Sung-t'ao possibly did reflect ethical principles but can also be the result of a struggle for supremacy with Li Hung-chang in China's political arena. Chang Chih-tung in Canton was motivated by the preservation of provincial autonomy in revenue matters when he opposed the takeover by the Foreign Inspectorate in 1887. Li Hung-chang's rôle is much more difficult to dissect. One might say that, on the one hand, he acted for the sake of the dynasty since he was the most powerful official as the Governor-General of Chihli, the capital province, and head of a powerful army and navy, in order to maintain his position; but, on the other, this can also be interpreted as one of 'self-interest'. The sending of Ma Chien-chung, his protégé, to India to negotiate for a monopoly scheme can be taken to mean that he wanted to exert his influence over a settlement to the Opium Question and reap some monetary rewards from it. When the Additional Article was signed, he was the first to ask for retention of parts of the joint collection at Tientsin for his province.

Nevertheless, what Li did, and what the others did, did exert a great deal of influence on the outcome of the opium negotiations. The debates over the prohibition or relaxation of poppy cultivation in China, the proposal of a levy of 150 taels on foreign opium by Tso and the proposed setting up of opium monopolies alarmed the British government, especially the India Office which urged for a speedy solution. The co-operation of Kuo, and then Tseng, with the Anti-opium Society also perplexed the British government to no end, and forced it to seek a solution even if it might prove to

be detrimental to the interests of the Indian government.

Hart and the Foreign Inspectorate's involvement in the Opium Question was a delicate matter. Only after the Additional Article was signed did he become completely involved. Yet, he had participated in the negotiations that led to the Alcock Convention, the Chefoo Convention and those leading to the final settlement. His rôle was never pronounced, since the Foreign Inspectorate was not connected with the problems throughout this period except in the collection of the opium Tariff duty at the Treaty ports. He was only asked by the Tsungli-yamen when his know-how in customs matters was needed. He was never completely trusted by his employers. Although Hart's concern for the welfare and revenue of the Chinese government was beyond suspicion, he was, at the same time, still a British at heart and was equally concerned with Britain's interests. Moreover, his total devotion to the Foreign Inspectorate must have earned him many enemies amongst conservative Chinese officials as well as among the mercantile communities. Nevertheless, after the operation of the stipulations of the Additional Article, the success in which collections were made by the Foreign Inspectorate stood him in good stead with the Imperial government and he was allowed a free hand in customs affairs.

The personalities mentioned in the previous paragraphs left indelible marks on the Opium Question, yet the ones who played lesser rôles must not be ignored either since they also had 'contributed'. Hsu Nai-chi and Huang Chueh-tzu were responsible for beginning the debate for and against legalization of the drug trade; Hillier's exhaustive reports on native opium contributed to a fuller understanding of this problem by the Indian government; Russell's scheme provided the solution to the blockade; David Sassoon's petitions to the Foreign Office provided an understanding of the mentality of the opium merchants; Joseph Samuel's scheme provided a possible solution to the Opium Question, etc.. This list can go on and on, suffice it to say that each played his part

and his rôle cannot be neglected.

Final Observations

A review of the Opium Question and the conflicts that were inter-related leads to the following observations:

- 1) the British government did not really have an 'opium policy'. British reactions changed with each new proposal or new event in China, or in the opium trade. On the whole, the Foreign Office evaded its responsibility insisting that both the India and Colonial Offices should shoulder the decision-making. Pressures from the Anti-opium Society and the growing uncertainty in the future of the opium trade eventually compelled the three departments, though much less the Colonial Office, to agree to China's demands. If China's insistence in obtaining an agreement that would be advantageous to her could be considered a policy, then she had one. Otherwise, like Britain, though beset with fewer complexities, she plodded along, step by step;
- 2) the leaders of both governments, that is the members of the Tsungli-yamen headed by Prince Kung, and the British cabinet headed by the various prime ministers, were never fully involved in the negotiations. For China, Li Hung-chang and Tseng Chi-tse acted as her spokesmen. For Britain, it was a loose combination of many departments with as many people such as J. Pauncefote and Currie, undersecretaries at the Foreign and Indian Offices, and the ministers at Peking as her spokesmen;
- 3) during the course of negotiations beginning with the Alcock Convention, the Chinese negotiators demonstrated more and more their ability to use the techniques and tactics of western diplomacy. Calling on the British government to ratify the Chefoo Convention, since China had already fulfilled her part of the obligations, making full use of the activities of the Anti-opium Society, and hinting that China would take measures to prohibit poppy cultivation if Britain agreed to the joint-collection are some examples of this newly-acquired diplomatic tactics.

They were not carried to perfection as the Additional Article was nearly dissolved in the initial months when China failed to secure consent from Germany. But, they nevertheless show that she had come a long way from the pre-1860 period;

4) the Opium Question and the continuation of the opium trade was regarded with importance by both governments and their subordinate ones. Continuation of the trade, despite moral objections, and purely for financial considerations, was deemed essential;

5) the Opium Question was one totally unrelated to the other issues that happened in China. To name the more important ones in chronological order, they were the Tientsin Massacre, the Sino-Japanese treaty, the Margary Affair, the Ili Crisis, the confrontation with Japan over Formosa and the Ryukyus, the opening of Korea and the Sino-French war over Indo-China. Apart from the last, which saw a slight prolongation of the final stage of negotiations at London, they did not affect the outcome. In fact, China was able to use some of these to reach agreements with the powers concerned, such as the United States, Russia and France, to prohibit their nationals from involvement in the opium trade. It not only isolated Britain but also created severe embarrassments for her. As a result, China was able to be more insistent in her demands and Britain had to give way.

Final Assessment

The Opium Question, which arose as a result of the legalization of opium and the lack of a more definite set of rules and regulations to control the trade saw its settlement in the mid-eighties. The two and a half decades of negotiation was marked by frustration, uncertainty and even fear on both sides. During this period, China improved, though slowly, in her diplomatic techniques and confronted her opponent with newly-acquired tactics and manoeuvres. Faced with these, together with the rising opposition from the Anti-opium Society and the changing policy of the Indian

government towards a more willing acceptance of a solution, the Foreign Office, representing the British government, had to accept what China was adamant in insisting upon. The result was the signing of the Additional Article. It was a concession, if not a defeat, for Britain in the sense that such an agreement would have been dismissed even a year or so ago. The opium clauses in both the Alcock and Chefoo agreements were much more favourable to the interests of the Indian government and China in those days was more than willing to accept them. Yet the lack of the serious competition from native opium which led to a stationary import of Indian opium to China and the resultant uncertainty of her Indian opium revenue prompted their rejection.

At a slightly later date, the Hong Kong government and its mercantile community, their initial outbursts of anger and frustration at the blockade having subsided, were willing to discuss possible solutions. The scheme proposed by Russell and adopted as the blueprint for the Ordinance in 1887, was, in fact, based on Consul Robertson's proposal of 1876 which was totally rejected then. It involved a greater degree of participation by the Colonial government in the suppression of opium smuggling - unthinkable in 1876 but a responsibility it was perfectly willing to accept ten years later.

The problem of native opium which had played a large part in the early stages of the negotiations and had been the stumbling block to settlements then, was finally accepted by the Indian government, directly concerned with it, as an unpleasant fact that could not be altered. Such a realization moved this problem into the background, but also removed the most important stumbling block to the settlement of the other issue - the question of opium taxation.

The Opium Question, though it was the same throughout this period, witnessed changes in personalities and modifications in the stand taken up by the various governments

and organizations concerned in it. It, together with the solutions, was not only important considered purely in its own light, but also became an integral part of Sino-British relations, whether political or commercial, between the second series of treaties of 1858-60 and the beginning of the so-called 'scramble for concessions' after 1895. It underlined, in no small degree, the attitude or policy adopted by both Britain and China after 1860, which amounted to one of co-operation and conciliation, and the strict abidance to treaty stipulations. Such was reflected in Clarendon's instructions to Alcock: that an unfriendly pressure should not be applied to China that was inconsistent with the independence and safety of China, that Britain wanted to deal directly with the Imperial government, and that China must faithfully observe the obligations of the treaties which were made 'to protect life and property immediately exposed'; and in the memorial written by Prince Kung and others requesting the ~~formation of the Tsungli-yamen and other~~ establishments to deal with the Treaty powers²⁰.

ABBREVIATIONS used in NOTES.

BPP	British Parliamentary Papers
CCR	Consular Commercial Reports
CCS	Chinese Customs Service
CCSL	<u>Ch'ing-chi wai-chiao shih-liao</u>
CO	Colonial Office
FO	Foreign Office
HCP	Hart-Campbell Papers, Letter Series z
IMC	Chinese Imperial Martime Customs returns and reports
IO	India Office
IWSM	<u>Ch'ou-pan i-wu shih-mo</u>
LHC	<u>Li Wen-chung-kun ch'uan chi</u>
TW	<u>Tung-hua lu</u> (Kuang-hsu)
TY	<u>Tsung-li ko-kuo shih-wu ya-men ch'ing-tang</u>

1. The 'Opium Question', in its broadest aspects, embraces the following points: 1) addiction to the drug and its effects on the individual; 2) the effect of the drug on China as a whole, in the moral, social, economic and political spheres; 3) the effect on Sino-western relations, in particular on Sino-British diplomatic and commercial relations.
2. Ta-Ch'ing lü-li an-yü, chüan 50, pp. 42-45; Yü En-teh, Chung-kuo chin-yen fa-lin p'ien-ch'ien shih, pp. 16-17.
3. see Morse, The International Relations of the Chinese Empire, volume 1, 1834-1860, pp. 209-10.
The total opium import to China was 4,570 chests in 1800-01; 3,938 chests in 1805-06; 4,968 chests in 1810-11; 4,310 chests in 1815-16; 4,244 chests in 1820-21; 9,373 chests in 1825-26; 19,956 chests in 1830-31; 21,885 chests in 1834-35.
4. *ibid.*; 30,202 chests in 1835-36; 34,776 chests in 1836-37; 34,373 chests in 1837-38; 40,200 chests in 1838-39.
5. Yü, *op.cit.*, pp. 49-50.
6. *ibid.*, pp. 57-59.
7. *ibid.*, p. 59.
8. *ibid.*, p. 60.
9. *ibid.*, pp. 60-62; Hummel, Emminent Chinese of the Ch'ing Period, p. 511.
10. Yu, *op.cit.*, pp. 62-63. Ch'i-shan was responsible for negotiating the abortive Treaty of Chuenpi with Charles Elliot; I-li-pu took part in the negotiations for the Treaty of Nanking; and Kuei-liang took part in the negotiations for the Treaty of Tientsin and also became one of the founding members of the Tsungli-yamen.
11. *ibid.*, pp. 63-65.
12. In treaties of a similar nature, and with the inclusion of the 'most favoured nation' clause, other Treaty

powers such as the United States and France secured the same privileges as Britain.

13. Morse, op.cit., volume 1, p. 316.
14. ibid., p. 317; Hertslet, Treaties, etc. between Great Britain and China, p. 151. Article VIII of the Sino-French treaty labelled opium as 'Prohibited Merchandise' (Hertslet, p. 163); in the Sino-American treaty, opium was also prohibited (Hertslet, p. 396).
15. see Fairbank, Trade and Diplomacy on the China Coast, volume 1, pp. 229-234.
16. see section on Hong Kong, pp. 12-14 of this chapter.
17. Yü, op.cit., p. 90.
18. Morse, op.cit., volume 1, p. 549.
19. ibid., p. 541.
20. Yü, op.cit., p. 90.
21. ibid., p. 90.
22. ibid., p. 90.
23. ibid., p. 91.
24. Morse, op.cit., volume 1, p. 556; Table G: Opium 1840-60.
25. Clarendon to Elgin, 20 April 1857, Correspondence Relating to the Earl of Elgin's Special Mission to China and Japan, 1857-59, BPP 1859, volume XXVIII (Session 2): 'It will be for your Excellency, when discussing commercial arrangements with any Chinese Plenipotentiary, to ascertain whether the Government of China would revoke its prohibition of the opium trade, which the high officers of the Chinese Government never practically enforce. Whether the legalisation of the trade would tender to augment that trade may be doubtful, as it seems to be carried on to the full extent of the demand in China, with the sanction and connivance of the local authorities. But there would be obvious advantages in placing the trade upon a legal footing by the imposition of a duty, instead of its being carried on in the present irregular manner.' - This quote is taken from a supplementary letter from

- Clarendon to Elgin, BPP, volume XLII (1895), Final Report of the Opium Commission, p. 165.
26. Owen, British Opium Policy in China and India, p. 224.
 27. Costin, Great Britain and China, p. 271.
 28. Owen, op.cit., p. 224.
 29. Elgin to Malmesbury, No. 212, 21 October 1858; inclosure No. 3, Elgin to Reed, 19 October 1858, Elgin's Special Mission to China etc.. Article XXVI of the Treaty of Tientsin called for a conference on tariff and commercial arrangements.
 30. From this date, in all Chinese official documents, 'foreign medicine' or yang-yo (洋藥) was used instead of 'opium'.
 31. Foreign opium was conveyed to China in 'chests' which varied from 1 picul (100 catties) to 120 catties, depending on the type of opium. see Annexure J.
 32. Hertslet, op.cit., p.34: Rule V of Agreement Concerning the Rules of Trade, signed at Shanghai, 8 Nov. 1858.
 33. The 'Hong Kong' referred to before 1860 was only the island with a total area of 29 square miles. In the Convention of Peking, China ceded to Britain the tip of the peninsula of Kowloon (3 3/4 sq. miles), Stone-cutter's island, and a few small barren islets near and around the island of Hong Kong proper. After 1860, and throughout the period covered by the dissertation, Hong Kong would include these new acquisitions. See Annexure K.
 34. Hertslet, op.cit., p. 6: Article III of the Treaty of Nanking.
 35. Morse, op.cit., p. 512: Palmerston to Pottinger, no. 16, 31 May 1841.
 36. Wright, Hongkong and the Chinese Customs, p. 27: Proclamation by Sir Henry Pottinger Forbidding Smuggling, 15 April 1843; or CCS volume VI, p. 5.
 37. *ibid.*, p. 4.
 38. According to Treaty stipulations, this type of trade

was illegal as no trade in foreign goods could be conducted outside the Treaty ports. The free-port nature of Hong Kong allowed such a trade to thrive and the Chinese government was both unable and unwilling to prohibit it.

39. IMC 1866, Glover to Hart, 19 Feb. 1867, Canton.
40. IMC 1870, Dick to Hart, 17 May 1870, Shanghai.
41. Robertson to Stanley, 10 April 1867, FO17/481.
42. The customs blockade will be dealt with in detail in Chapter 2.
43. See Annexure G.
44. Fox, British Admirals and Chinese Pirates, 1832-1869.
45. Lo Yu-tung, Chung-kuo li-chin shih, pp. 15-16; also see Annexure D.
46. Memorial from the Board of Revenue, 4 June 1860, FO682/1801A.
47. Bruce to Russell, No. 185, 6 December 1861, Inclosure No. 1, Despatch from Imperial Commissioner Hsieh to Viceroy Lao transmitting memorial presented by Board of Foreign Affairs, FO17/357.
48. *ibid.*; also see North China Herald of 2 Nov. 1861. Hart was deputy commissioner of customs at Canton. His memorial was in all probability in response to the suggestion made by the Board of Revenue (see note 46).
49. LHC, memorials, chuan 6, pp. 26a-27a, 4 April 1864.
50. Source materials especially in Chinese are lacking. A general appraisal is derived from English language sources such as the IMC returns and reports, CCR and observations made by individuals. Reference is also made to various books written - Chinese and English - on likin.
51. Table compiled from CCR 1868, Sinclair's report; it is also contained in IMC 1870 Dick to Hart (note 40); also see Annexure D for details of Chinese duties and dues.

52. IMC 1870, Dick to Hart; see note 40.
53. see Chapter 2, pp. 3-4. In late 1860, a similar arrangement was worked out in Shanghai in which the monopolists bought all the opium from the foreign importers and paid 23 taels per chest to the Shanghai authorities. Meadows to Russell, No. 1, 4 Jan. 1861, Shanghai, F017/361.
54. Winchester to Hammond, 8 Oct. 1859, Canton, F017/319.
55. The British government, after the legalization of opium, did not concern itself with the trade, and was forced to take up the matter after Alcock had introduced the problem into his agreement with China in 1869.
56. The provincial government of Liang-kwang had been more commonly known as the Canton government because the provincial capital was at Canton. The latter term will be used in this dissertation.
57. CCR 1868, Alabaster's report for Swatow.
58. Alcock to Stanley, No. 125, 31 May 1869, Papers Relating to the Opium Question, Calcutta, 1870.
59. Yü, op.cit., pp. 2-7.
60. The book is called 本草綱目 by 李時珍; also Yü, ibid.; and also in report made by Hillier on 'Native Opium Crop in the Province of Chekiang for the year 1878' (10 July 1878) in which he traced in detail the history of opium, Inclosure No. 1 in Fraser to Salisbury, No. 130, 7 August 1878, F017/781.
61. CCR 1869, Caine's report for Hankow.
62. Report by Hillier, see note 60.
63. CCR 1869, Morgan's report for Tientsin.
64. IMC 1865, reports from Tientsin and Shanghai; in 1861 Bruce had already noted such a phenomenon when he reported that, 'The opium trade last winter was seriously affected by the holders of native-grown opium', Bruce to Russell, No. 62, 7 June 1861, F017/352.

65. CCR 1869, Caine's report for Hankow; also IMC 1871-72, report from Hankow.
66. Lo, op.cit., p. 326.
67. What has been written on this period all tend to shy away from the Opium Question. Its importance, therefore, has been greatly under-rated. It is the purpose of this dissertation to show that the Opium Question was a very important one which cannot be neglected as it has been if we are to have a full understanding of Sino-British diplomatic and commercial relations in the second half of the nineteenth century.
68. Throughout this period Macao was also blockaded in a similar way. However, the Chinese government regarded this port as a part of China, since it had only been rented to Portugal beginning in 1557. Moreover, Portugal did not have any treaty relation with China until 1888. Portugal also did not have any connection with the opium trade, and was not involved in the negotiations during this period. Her involvement came after the Hong Kong Commission of 1886 when the Hong Kong government insisted that Macao must be embodied in any agreement over the prevention of smuggling from the Colony that was arranged with China. This will be discussed in Chapter 8 of this dissertation.

1. Proclamation Regarding Terms of Treaty of Chuenpi - To Her Britannic Majesty's Subjects by Charles Elliot, H.M. Plenipotentiary in China, Macao, 20 January 1841, The Chinese Repository, volume X, 1841, p. 63.
2. See note 36 of Chapter 1; or The Chinese Repository, volume XII, 1843, p. 224.
3. See Chapter 1, pp. 11-14 under section on Hong Kong.
4. CCR 1862, Robertson to Bruce, 20 May 1863.
5. *ibid.*, Robertson to Bruce, 30 May 1863.
6. CCR 1863-64, Hewlitt to Wade, 1 July 1865.
7. Robertson to Stanley, 28 Feb. 1867, F017/481: there are 12 inclosures which gave details of the junk trade.
8. This became very obvious by the low trade figures from Canton. Glover, commissioner at Canton, reported in 1867 that trade was on the decline for the past four years, IMC 1866, Glover to Hart, 19 Feb. 1867.
9. See note 7.
10. This summary is compiled from various sources, chief of which are Wright, Morse, Lo, IMC and CCR reports.
11. Bowring to Malmesbury, No. 97, 23 April 1859, F017/318. There are inclosures from Alcock and merchants.
12. Once every year the Hong Kong government would invite tenders for the post of Opium Farmer. The highest bidder would be awarded a licence giving him exclusive rights of boiling and preparing opium in Hong Kong. He would be the sole supplier of prepared opium for consumption in the Colony; it would be an offence for anybody else to prepare opium in the Colony either for sale or consumption. A similar scheme was practised in Macao. For the amounts derived by the Hong Kong government for the sale of such licences, see Annexure H (i).
13. Winchester to Russell, 26 Sept. 1859 and 8 Oct. 1859, Canton, F017/319.
14. See Chapter 1, pp 19-20.
15. Robertson to Alcock, No. 62, 24 Dec. 1866, F017/474.

16. Alcock to Stanley, No. 186, 20 July 1868, FO17/499.
17. Article 47 of the Treaty of Tientsin: 'British Vessels trading with Ports not opened by Treaty liable to Confiscation. British merchant vessels are not entitled to resort to other than the ports of trade declared open by this Treaty. They are not unlawfully to enter other ports in China, or to carry on clandestine trade along the coasts thereof. Any vessel violating this provision, shall, with her cargo, be subject to confiscation by the Chinese Government.' Hertslet, Treaties etc., volume 1, p. 30.
18. Explanation of the seizure was contained in the Petition to MacDonnell by Kwok a Cheong in Inclosure No. 2 of MacDonnell to Cardwell, no. 68, 3 July 1866 (No. 8576 H.K.), CO129/114.
19. *ibid.*
20. *ibid.*, Inclosure No. 1, MacDonnell to Alcock, No. 395, 3 July 1866.
21. Carnarvon to Stanley, 12 Sept. 1866, CO129/114; Stanley to Carnarvon, 12 September 1866, CO129/117; Stanley to Carnarvon, 5 Feb. 1867 (No. 1320 H.K.), CO129/127.
22. Yamen to Alcock, No. 7, T'ung-chih 6th year second moon thirteenth day; same to same, sixth moon eleventh day; same to same, eighth moon seventh day (18 March, 22 July and 4 Sept. 1867), FO230/81.
23. Stanley to Carnarvon, 5 February 1867: Inclosure No. 5, Robertson to Alcock, No. 48, 5 Oct. 1866, and Inclosure No. 6, Mayers to Alcock, No. 49, 11 Oct. 1866, CO129/127.
24. MacDonnell to Buckingham, No. 275, 26 April, 1867, CO129/121;
 same to same, No. 321, 8 July 1867, CO129/123;
 same to same, No. 360, 5 Sept. 1867, Inclosure in Buckingham to Clarendon, 6 April 1868, FO17/510.
25. Buckingham to Clarendon, 6 April 1868, FO17/510.
26. *ibid.*: Inclosure Buckingham to MacDonnell, No. 145, 26 Nov. 1867.

27. Robertson to Clarendon, 10 Sept. 1869; and Inclosure Alcock to Robertson, 7 Aug. 1867, FO17/481.
28. See note 18: brief explanation of the seizures of the 'Scotland' and 'Mercury' were contained in Kwok a Cheong's Petition.
29. MacDonnell to Buckingham, No. 392, 14 Nov. 1867, (No. 36 H.K.), CO129/125.
30. *ibid.*: correspondence between Robertson and Smith in inclosures. Article 46 of the Treaty of Tientsin: 'Preventions against Fraud and Smuggling. The Chinese authorities at each port shall adopt the means they may judge most proper to prevent the revenue suffering from Fraud or Smuggling.' Hertzlet, volume 1, p. 30.
31. Buckingham to Stanley, 28 March 1868: enclosed letter from Mallet, secretary to the Board of Trade of 7 March 1868, FO17/501.
32. ~~Buckingham to Stanley, 29 January 1868; and Inclosure~~
Buckingham to MacDonnell, No. 13, 25 Jan. 1868, CO129/125.
Buckingham to Stanley, 6 May 1868, CO129/129.
33. MacDonnell to Buckingham, No. 461, 10 March 1868, CO129/129.
34. Buckingham to Stanley, 20 Feb. 1868: Inclosure No. 3, Robertson to Acting Colonial Secretary (Hong Kong), no. 197, 5 Dec. 1867, FO17/509.
35. Stanley to Carnarvon, 21 Jan. 1867, (No. 712 H.K.): Inclosure Law Officers to Stanley, 15 Jan. 1867, CO129/127.
36. MacDonnell to Buckingham, No. 473, 7 April 1868, (No. 5357 H.K.), CO129/130.
Robertson to Undersecretary of State for Foreign Affairs, 4 April 1868: contained details of seizures and subsequent negotiations, FO17/504.
37. Buckingham to Stanley, 22 June 1868, FO17/511. More comments from the Colonial Office were contained in remarks to MacDonnell to Buckingham, No. 473, 7 April 1868, (No. 5357 H.K.), CO129/130.

38. Stanley to Alcock (Draft), No. 169, 31 Aug. 1868; copy also sent to Colonial Office and Robertson, F017/495.
39. Robertson to Hammond, 11 Nov. 1868, F017/504.
40. *ibid.*: Inclosure No. 1, Alcock to Robertson, No. 24, 7 May 1868; Inclosure No. 2, Robertson to Alcock, No. 53, 23 June 1868.
41. *ibid.*: Jui-lin to Robertson, 12 June, 1868.
42. Alcock to Stanley, No. 286, 17 Nov. 1868: Inclosure No. 2, Austin to Robertson, 12 Oct. 1868, F017/501; Robertson to Hammond, 11 Nov. 1868: Inclosure No. 10, Robertson to Alcock, 15 Oct. 1868, F017/504.
43. Alcock to Stanley, No. 286, 17 Nov. 1868, F017/501.
44. Robertson to Hammond, 11 Nov. 1868: Inclosure No. 6, Austin to Robertson, No. 449, 28 Sept. 1868, F017/504. Granville to Clarendon, 8 Jan. 1869, F017/504.
45. Robertson to Hammond, 11 Nov. 1868: Inclosure No. 2, Robertson to Alcock, No. 53, 23 June 1868, F017/504.
46. Alcock to Stanley, No. 186, 20 July 1868: Enclosure Robertson to Alcock, 19 June 1868, F017/499.
47. By the Convention of Peking, China had to pay an indemnity of 8 million taels to Britain (Article 3).
48. Alcock to Stanley, No. 186, 20 July 1868: Enclosure Robertson to Alcock, 19 June 1868, F017/499.
49. *ibid.*.
50. *ibid.*.
51. *ibid.* and Wade to Clarendon, No. 72, 7 May 1870, F017/549: Robertson noted that the Canton government had been contributing 480,000 taels every year to the military expenses of other provinces; but for 1870 this had been raised to 840,000 taels. Further regular contributions to the Imperial government and Household amounted to another 2,400,000 taels a year. Wade to Clarendon, No. 73, 9 May 1870, F017/549: Enclosure Robertson to Wade, 6 April 1870: Robertson observed that for 1869, the Canton government had to pay 1 million taels additional, and for 1870 a further

600,000 taels to the Imperial Household presumably for the Emperor's wedding.

Memorials from Jui-lin on 27 Sept., 20 Sept. and 16 Nov. 1871 gave figures of the amount of remittances to the capital, FO682/341.

52. Robertson to Hammond, 3 Aug. 1868: Inclosure No. 1, Robertson to Alcock, No. 18, 4 March 1868, FO17/504.
53. The customs blockade will be dealt with fully in subsequent pages; suffice to say that it consisted of revenue vessels that patrol the passes through which junks had to pass in order to reach or leave Hong Kong and Macao.
54. These incidents were the ones mentioned earlier in this chapter - the 'Prince Albert' affair, the seizure of an opium junk, and the levy of the salt gabelle in Hong Kong waters.
55. Robertson to Hammond, 3 Aug 1868: this despatch contained 17 enclosures that covered comprehensively negotiations that led to the customs blockade: Enclosure No. 1, Robertson to Alcock, No. 18, 4 March 1868, FO17/504.
56. *ibid.*: Enclosure No. 1.
57. *ibid.*: Enclosure No. 1.
58. *ibid.*: Enclosure No. 1.
59. *ibid.*: Enclosure No. 4, Alcock to Robertson, No. 25, 9 May 1868; IMC 1869, report by T. Dick, commissioner at Shanghai, also arrived at the same conclusion.
60. *ibid.*: Enclosure No. 1; Enclosure No. 2, Jui-lin to Robertson, 28 Feb. 1868; and Enclosure No. 3, map of proposed tax-stations.
61. *ibid.*: Enclosure No. 6, Jui-lin to Robertson, 30 June 1868; Glover to Hart, No. 80, 20 July 1868, Canton, CCS volume 6, p. 237.
62. *ibid.*: Enclosure No. 2.
63. *ibid.*: Enclosure No. 8; also see Annexure K.
64. *ibid.*: Enclosure No. 6; Buckingham to Stanley, 30 Sept.

- 1868: Enclosure No. 2, Robertson to Austin, Nos. 129 and 135, 6 and 10 July 1868, FO17/513.
65. *ibid.*: Enclosure No. 7, Proclamation of 1 July 1868, translated by Mayers. It was only as late as 3 Dec. 1871 that Jui-lin officially memorialized the throne (FO682/341) explaining the establishment and purposes behind the customs blockade. This goes to prove two important factors: 1) there was a great deal of provincial autonomy; and 2) the blockade was regarded by Jui-lin initially as a purely local affair and as long as he could remit the required moneys to the capital, whatever actions he took to secure revenue was entirely in his own hands. Robertson had noted earlier that if the Imperial government obtained the required sums from provincial governments, the latter had practically full autonomy: Alcock to Clarendon, No. 72, 21 June 1869, FO17/523.
67. Alcock to Stanley, No. 208, 14 Aug. 1868: enclosing two despatches from Robertson which explained how Europeans served on board Chinese revenue cruisers, FO17/499; Robertson to Hammond, 20 July 1869: he gave details of the purchases of cruisers by Jui-lin, FO17/533; this was illustrated in great detail by Jui-lin's memorial of 30 Dec. 1867, IWSM chüan 55, pp. 5a-6b.
66. Alcock to Stanley, No. 294, 23 November 1868; enclosing all correspondences respecting the arrangement of regulations for the control of piracy with the actual regulations in Enclosure No. 3 (undated), FO17/501.
68. Robertson to Hammond, 20 July 1869, FO17/533.
69. Bowra to Hart, No. 123 (1870), 28 December 1870, Canton, CCS volume 6, pp. 304-06.
70. Hart to Brown, No. 6 (Canton Series), 9 Feb. 1871, CCS volume 6, pp. 307-08.
71. IWSM chüan 79, pp. 50a-54a.
72. *ibid.*, p. 54a. The part played by Hart and the Foreign Inspectorate in the blockade scheme was quite extensive, but they were always in the background. Hart contributed

his ideas; but these were either completely ignored by the Tsungli-yamen, or if adopted, were rephrased in such a way that credit went to the latter. This kind of situation was to last until after the signing of the Additional Article in 1885 when Hart's rôle in the Opium Question became more open and influential. This would contrast with both S. Wright's and H.B. Morse's contentions that Hart was very much in the forefront of all dealings and that he was a trusted and important adviser to China. From my understanding, Hart was definitely used as an adviser but very seldom a trusted one.

73. Bowra to Hart, No. 94 (1871), 6 June 1871, CCS volume 6, pp. 308-09.
74. Same to same, No. 93 (1871), 6 June 1871, CCS volume 6, pp. 309-10; Hart to Bowra, No. 50 (Canton Series), 23 June 1871, CCS volume 6, pp. 311-12: instructions were given to Bowra on how to effect the transfer of ownership.
75. Bowra to Hart, No. 111 (1871), 11 July, 1871, CCS volume 6, pp. 312-17; Wade to Granville, No. 283, 31 Dec. 1871: enclosed translation of the Governor-General's proclamation concerning the collection of the Tariff duty and likin on opium: F017/590.
76. Bowra to Hart, No. 136 (1871), 5 Aug. 1871, CCS volume 6, pp. 317-22.
77. Hart to Bowra, No. 12 (Canton Series), 12 Jan. 1872, CCS volume 6, p. 323.
78. Kleinwachter to Hart, No. 75 (1874), 8 June 1874, CCS volume 6, pp. 341-51; Kung to Wade, No. 22, 27 July 1874, F0230/93.
79. IMC 1874, Kleinwachter to Hart, 31 Jan. 1875; Wade to Clarendon, No. 73, 9 May 1870: Enclosure No. 1, extract of Robertson to Wade, 6 April 1870, in which he gave details of the amount collected by the native customs which was sufficient to meet the revenue demands of the Imperial government: F017/549; further statements were

- made by Robertson in Robertson to Wade, No. 32, 5 June 1874, as Enclosure No. 4 in Robertson to Tenderten, No. 44, 6 Aug. 1874, FO17/684; and in Stanley to Carnarvon, 20 Oct. 1874, CO129/169.
80. MacDonnell to Buckingham, No. 635, 11 Jan. 1869, (No. 2258 H.K.): Enclosure No. 4, Lister to Austin, No. 80, 22 Dec. 1868: containing depositions taken by complainants, including the seizure of Passage Boat No. 108; Enclosure No. 5, Lister to Austin, No. 84, 7 Jan. 1869: contains list of passage boats and the amount extorted from them by revenue cruisers: CO129/136.
 81. *ibid.*: Enclosure has deposition from the Registrar-General's Office of 22 Dec. 1868, and list of cargoes on board the 'San Wing Hop'; also in Colonial Office to undersecretary of state at the Foreign Office, 6 May 1869, FO17/543.
 82. MacDonnell to Granville, No. 689, 19 April 1869, (No. 6310 H.K.): Enclosure Robertson to Austin, No. 51, 22 March 1869, CO129/137.
 83. Proclamation contained in FO17/543: see note 81; Glover to Hart, No. 32 (1869), 16 March 1869, CCS volume 6, pp. 277-78 (Proclamation in Chinese).
 84. The question of the official Chinese flag was raised by the 'Chun Hoi' incident. On 25 and 29 September 1868, a Hong Kong registered steamer 'Kinshan' was fired upon and boarded by officers from the revenue cruiser 'Chun Hoi' for not saluting its Chinese flag. After this incident, MacDonnell wanted to know what rights the Chinese government would give a provincial cruiser like the 'Chun Hoi' to possess, and also wanted to know what authority, commission and type of flag the 'Chun Hoi' had. (Colonial Office to Foreign Office, 15 Jan. 1869: enclosing MacDonnell to Buckingham, No. 606, 28 Oct. 1868, and Colonial Secretary to Robertson No. 468, 9 October 1868: FO17/541). As a result a series of discussions took place (Clarendon to Alcock, No. 18, 26 Jan. 1869,

- F017/516; Robertson to Hammond, 16 March 1869, F017/533; Robertson to Hammond, 31 March 1869, F017/533) which saw a decision made by the Tsungli-yamen (Kung to Wade, no. 36, 9 Oct. 1872, F0230/88). The correct colours, shape and size of the official Chinese flag is shown opposite p. 356 of CCS volume 1.
85. Granville to Clarendon, 5 June 1869: Enclosure Hong Kong government Notification of 30 March 1869 informing the public of China's new flag, F017/543.
 86. Buckingham to Stanley, 30 Sept. 1868: Enclosure MacDonnell to Buckingham, No. 548, 23 July 1868, F017/513.
 87. Alcock to Clarendon (Separate), 3 January 1870: Enclosure No. 1, Robertson to Alcock (Report), 28 Dec. 1869, and No. 4, memorandum on P'eng Yu by Mayers, 27 December 1869, F017/547.
 88. *ibid.*: Enclosure No. 5, Alcock's notes on interview with Jui-lin on 26 and 27 Dec. 1869, written 1 Jan. 1870.
 89. MacDonnell to Buckingham, No. 635, 11 January 1869 (No. 2258 H.K.), C0129/136.
 90. Robertson to Hammond, 3 Aug. 1868: Enclosure No. 11, Austin to Robertson, No. 325, 10 July 1868, F017/504.
 91. *ibid.*: Enclosure No. 13, Austin to Robertson, No. 335, 20 July, 1868.
 92. *ibid.*.
 93. See pp. 7-11 of this chapter.
 94. MacDonnell to Buckingham, No. 542, 9 July 1868 (No. 9555 H.K.), C0129/131.
 95. MacDonnell to Buckingham, No. 548, 23 July 1868 (No. 9818 H.K.), C0129/131.
 96. MacDonnell to Buckingham, No. 553, 6 August 1868 (No. 10,442 H.K.), C0129/132. MacDonnell argued that Hong Kong imported about 80,000 chests of opium each year, out of which 63,000 chests go north in steamers to Amoy, Foochow, Ningpo, Shanghai, Tientsin etc. and Tariff duty was paid there. Another 10,000 chests were sent to Macao, out of which 4-4,500 chests were smuggled

into un-opened ports. Of the 7,000 chests remaining in Hong Kong, 3,000 chests were boiled down for trans-shipment to California, and only 1,500 chests could be smuggled into China. Thus, combining the amount smuggled from Hong Kong and Macao, the maximum total would be 6,000 chests or a loss of 200,000 taels in China's revenue. By comparing his figures with that actually exported from India, and that imported into China, it would show that MacDonnell's statistics were not at all reliable. Moreover, since Hong Kong was a free-port and no records were kept of the amount imported and exported, these figures must have been supplied by the opium merchants for their own ends.

97. MacDonnell to Buckingham, No. 635, 11 January 1869 (No. 2258 HK), CO129/136.
98. MacDonnell to Granville, No. 654, 20 Feb. 1869 (No. 4005 H.K.), CO129/136.
99. Robertson to Hammond, 3 August 1868: Enclosure No. 16, Extract of Petition in the 'Overland China Mail' of 24 July 1868, FO17/504.
100. *ibid.*: Enclosure No. 17, Extract from the 'Overland China Mail' of 29 July 1868.
101. MacDonnell to Buckingham, No. 635, 11 Jan. 1869 (No. 2258 H.K.): Enclosure No. 3, Memorandum by Keswick, Gibb and Taylor, 8 Jan. 1869, CO129/136.
102. See Chapter 3.
103. Alcock to Stanley, No. 112, 12 May 1868, FO17/497.
104. Stanley to Alcock (Draft), No. 140, 28 July 1868, FO17/494.
105. Foreign Office to Board of Trade, 22 Sept. 1868, FO17/513.
106. Colonial Office to Foreign Office, 30 Sept. 1868, FO17/513.
107. Foreign Office to Queen's Advocate, 21 Oct. 1868, FO17/513.
108. Board of Trade to Foreign Office, 16 Oct. 1868, FO17/513.
109. Contained in a memorandum entitled 'Opium Tax Stations near Hong Kong' drawn up by the Foreign Office, FO17/543; additional details of opinions from the legal departments contained in Granville to MacDonnell, No. 321, 11 Jan.

1869 (No. 7892 H.K.), C0129/141.

110. The goods 'in transit' was raised by Robertson in an attempt to alleviate the grievances complained of.
See note 112.
111. Granville to Hammond, 12 Aug. 1869, F017/544.
112. Alcock to Stanley, No. 131, 29 May 1868: Enclosure Robertson to Alcock, 1 May 1868, F017/497: Robertson initially suggested this solution before the blockade started, but in the succeeding months, complaints against the blockade occupied the minds of the Hong Kong government. His suggestion was looked into by MacDonnell in late 1868 and though it was not formally put forward as a proposal, the tone of his despatch prompted a decision by the Home government: MacDonnell to Buckingham, No. 635, 11 January 1869, F017/543.
113. Colonial Office to Foreign Office, 5 June 1869, F017/543.
114. Clarendon to Alcock, No. 158, ~~20 Aug. 1869, F017/517.~~
115. Comments made by the Colonial Office after receipt of MacDonnell's No. 654 of 20 Feb. 1869 (No. 4005 H.K.), and reply to MacDonnell of May 1869, C0129/136.
116. Colonial Office to Foreign Office, 12 Aug. 1869: commented on Foreign Office's proposed despatch to Alcock, F017/544; Colonial Office to Foreign Office, 12 Aug. 1869: transmit despatch (proposed) to MacDonnell, F017/544.

1. This is the so-called 'Clarendon policy' which was defined in late 1868 when Anson Burlingame, leading the Chinese mission, called at the Foreign Office. The declaration by Clarendon was, 'we Britain should henceforward have a right to expect on it's China part the faithful fulfilment of Treaty engagements, the prompt redress of grievances referred to the Central Government, and friendly treatment of British subjects by the Chinese Authorities. This, I Clarendon said, was not only just reasonable in itself but also necessary in order to enable Her Majesty's Government to give full effect to the policy which they desired to observe towards China, particularly with reference to not having recourse to measures of force unless for the immediate protection of life and property.' Clarendon to Alcock (Draft), No. 18, 26 Jan. 1869, F017/516; Extract from 'The Standard' of 6 Jan. 1869, F017/541; also see Morse, volume 2, p. 50, (International Relations of the Chinese Empire), Wright, pp. 21-22 (Last Stand of Chinese Conservatism) and Hsü, p. 324 (China's Entrance into the Family of Nations).
2. The taxation of opium and the customs blockade of Hong Kong, contained in articles 2 and 12 of the Alcock Convention, were looked upon as insignificant aspects of Treaty revision by most historians, such as T.L. Chao, Anglo-Chinese diplomatic relations, with special reference to the revision of the Treaty of Tientsin, 1858-1870, (Ph.D. Thesis, London, 1952). This could be due to the lack of importance attached to it, before and during treaty revision, by the Tsungli-yamen. Nevertheless, it is the contention of this dissertation that the Opium Question is significant and vital in the consideration of Sino-British relations of the period under survey.
3. IWSM, chüan 49, pp. 5a-7b.
4. There were seventeen points made, all connected with foreign trade, though none dealt with the Opium Question.

5. IWSM, chüan 50, pp. 28a-28b.
6. IWSM, chüan 53, pp. 16a-16b.
7. IWSM, chüan 54, pp. 22b-23a.
8. See Chapter 2, pp. 5-6.
9. Róbertson to Alcock, 12 Aug. 1867: Enclosure Hoppo's memorial of 11 July 1867, FO17/571. The memorial shows the ignorance of the Hoppo in the government of Hong Kong, and is a point worthwhile noting when at a slightly later date, the blockade was carried out fully in accordance with treaty stipulations.
10. IWSM, chüan 63, pp. 34a-86b; Alcock to Clarendon (Conf.), No. 38, 14 April 1869, FO17/576.
11. Wade to Stanley, No. 75, 10 June 1867: Enclosure Circular No. 9 to Consuls, Shanghai, 28 May 1867, FO17/571.
12. Stanley to Wade, No. 139, 16 Aug. 1867, FO17/571.
13. Alcock to Stanley, No. 199, 23 Dec. 1867, FO17/572.
14. Alcock to Stanley (Separate and Conf.), 15 Nov. 1867, FO17/571.
15. Stanley to Wade, No. 139, 16 Aug. 1867, FO17/571.
16. Chinkiang Chamber of Commerce to Alcock, 30 May 1867, Enclosure in Wade to Stanley No. 75 - see note 11.
17. MacDonnell to Buckingham, Nos. 388 & 392, 31 Oct. 1867, Enclosure in his No. 392, Memorial of 18 Oct. 1867 in the 'Hong Kong Daily Press', CO129/125.
18. MacDonnell to Buckingham, No. 405, 30 Nov. 1867, CO129/126.
19. Alcock to Stanley, No. 301, 6 Dec. 1868, FO17/574; same to same, No. 315, 14 Dec. 1868, FO17/574; same to same (telegram), 38 Aug. 1869, FO17/577; same to Clarendon, No. 130, 28 Oct. 1869, FO17/ 578; the Alcock Convention is contained in Hertslet, volume 1, pp. 59-71.
20. Alcock to Stanley, No. 252, 12 Oct. 1868, FO17/573.
21. IWSM, chüan 63, pp. 34a-86b; Alcock to Stanley, No. 301, 6 Dec. 1868: Enclosure Hart to Alcock (Private), 13 June 1868, FO17/574.
22. *ibid.*: Memorandum to Tsungli-yamen by Alcock, 8 Sept. 1868:

in a memorandum Alcock wrote for his own reference on 5 September, he believed that with the doubling of the Tariff duty on opium, there would not be any perceptible diminution either in demand or consumption. The revenue derived solely from opium by the Foreign Inspectorate amounted to 2 million taels annually or 7% of the total revenue. Thus, by doubling the duty, the Tsungli-yamen could be persuaded to adopt his proposal of a 30-mile radius around the Treaty ports that would be free from all likin levies. Hart had privately informed him that the Tsungli-yamen would be agreeable to this mutual concession.

23. Alcock to Stanley, No. 315, 14 Dec. 1868: Enclosure Kung to Alcock (Supplement) of 5 Dec. 1868, F017/574.
24. *ibid.*: Alcock to Kung, 14 Dec. 1868.
25. Board of Trade to Foreign Office, 19 May 1869, F017/576.
26. It should be noted that after the failure of the Alcock Convention, the Board of Trade was no longer concerned with the Opium Question. Correspondence on the subject were transmitted to the Board by the Foreign Office, but it seldom made any comment of significance.
26. Alcock to Kung, No. 70, 17 Dec. 1868, F0230/80.
27. Colonial Office to Foreign Office, 16 March 1869, F017/575.
28. MacDonnell to Granville, No. 701, 12 May 1869 (No. 1117 H.K.), C0129/137.
29. Colonial Office to Foreign Office, 22 July 1869, F017/576; Memorandum of Hong Kong Executive Council meeting of 3 April 1869, C0129/144.
30. *ibid.*: Colonial Office to Foreign Office, 22 July 1869.
31. Granville to MacDonnell, 17 July 1869, C0129/137.
32. Clarendon to Alcock, No. 141, 4 Aug. 1869, F017/576.
33. Alcock to Clarendon, No. 122, 13 Oct. 1869, F017/525; Alcock to Clarendon, No. 107 (Conf.), 28 Aug. 1869: Enclosure Tsungli-yamen to Alcock, July 1869, F017/578.
34. While the Tsungli-yamen was loudly decrying the opium trade, Alcock had obtained access to some secret memorials which stated that Li Hung-chang, Governor-General Hu-kuang, and his brother, Governor-General of Szechuan,

- were advocating the cultivation of native opium on a large scale so that the Chinese drug could ruin the Indian import. The two brothers, in fact, had already encouraged poppy cultivation in their provinces. Alcock to Clarendon (Conf.), No. 107, 28 Aug. 1869, FO17/578.
35. Alcock to Clarendon (telegram), 23 Aug. 1869 - but received by the Foreign Office on 20 Sept., FO17/577.
 36. Board of Trade to Foreign Office, 28 Sept. 1869, FO17/577.
 37. Colonial Office to Foreign Office, 30 Sept. 1869, FO17/577.
 38. Clarendon to Alcock (telegram) (same as Draft No. 177 of 29 Sept. 1869), FO17/577.
 39. Hertslet, volume 1, pp. 59-71; Alcock to Clarendon, No. 130, 28 Oct. 1869, FO17/578; Private letter from Mallet to Rogers (Board of Trade to Colonial Office), 5 Feb. 1870, CO129/147; IWSM, chüan 70, pp. 39b-40b.
 40. Alcock to Clarendon, No. 130, 28 Oct. 1869, CO129/147 or FO17/578.
 41. These were mainly on the objection to the raising of the Tariff duty on silk and that the Convention did not go far enough to satisfy the demands of the mercantile communities.
 42. Board of Trade to Colonial Office, 26 Jan. 1870 (No. 981 H.K.), CO129/147.
 43. Mallet to Rogers (Private letter), 5 Feb. 1870 (No. 100 H.K.), CO129/147.
 44. India Office to Foreign Office, 31 Jan. 1870, FO17/579.
 45. Memorial from Shanghai Chamber of Commerce, 31 Dec. 1869, FO17/579. The sum of 3 million taels would represent the additional revenue to China if the increases in the Tariff duties on opium and silk were collected.
 46. Alcock to Clarendon, 7 Dec. 1869, Ningpo: Enclosure Resolution of Shanghai Chamber of Commerce which appeared in the 'North-China Daily News' of 27 Nov. 1869, FO17/579.
 47. Memorial from David Sassoon and Co., London, 22 March 1870, FO17/580.
 48. *ibid.*: Enclosure letter dated 31 Dec. 1869.

49. MacDonnell to Granville, No. 857, 24 Jan. 1870 (No. 2477 H.K.): Enclosures Memorials of 21 Jan. 1870 of the Hong Kong General Chamber of Commerce (submitted by Keswick to Austin, 22 Jan. 1870, Enclosure No. 1), and of 3 Jan. 1870 (based on a Public Meeting of that day, submitted together with the first memorial), CO129/143.
50. *ibid.*; Memorial from Hugh M. Matheson (London Merchants) to the Foreign Office, 14 March 1870, FO17/580.
51. MacDonnell's comments were in MacDonnell to Granville, No. 857, 24 Jan. 1870 - see note 49.
52. Memorial from Hugh M. Matheson - see note 50.
53. The 'Times' of 19 Feb. 1870.
54. Papers read before the Asiatic Society on 16 May 1870, printed in 'North China Herald' of 2 June 1870.
55. Minute by the Hon. Sir H.M. Durand of 4 Feb. 1870, Papers Relating to the Opium Question (Calcutta, 1870), IO (12) 1320. In 1871, after the Convention had been officially rejected by the British government, Alcock, when answering questions put to him by the Select Committee on East India Finance, reiterated these views. He also quoted Prince Kung as saying, 'if you could relieve us of missionaries and opium, there need be no more trouble in China.' To this Alcock replied that the Indian government did not like the increase in the Tariff duty on opium because it was already facing difficulties in competing with Chinese opium. In reply to another question from the Select Committee, Alcock repeated his belief that the Chinese government had the earnest desire to suppress opium, but it was powerless to do so in the face of the determination of Britain to have it inserted in the Treaty Tariff: 'Reports From the Select Committee on East India Finance' BPP, volume VIII (1872), pp. 277-300.
56. 'Papers Relating to the Opium Question (Calcutta, 1870): Note by W.R. Mansfield on 6 Feb. 1870, IO (12) 1320.
57. *ibid.*: Memorandum of a Conference and Resolution passed therein, written by R.B.C., Officiating Financial

- Secretary, 19 March 1870.
58. Indian Government to India Office, No. 11, 27 May 1870 (No. 9), India: Separate Revenue Proceedings, 1870, p/436/37 (India Office archives).
 59. Board of Trade to Foreign Office, 4 Feb. 1870, FO17/579.
 60. Alcock's Memorandum on 'Further Memorials respecting the China Treaty Convention', 3 May 1870, FO17/580.
 61. Board of Trade to Foreign Office, 1 June 1870, FO17/581. Alcock's Memorandum of 3 May 1870 (note 60) was sent to the chambers of commerce, but the replies that came back (all in June 1870) all said that the objections raised previously had not been removed by Alcock's reasoning: FO17/581.
 62. General circular of 25 July 1870, FO17/581.
 63. No. 70, Roll 28 (July 21 1869 to 16 March 1870), Despatches from U.S. Ministers to China (1843-1906): Williams, Chargé d'Affaires, 30 Sept. 1869.
 64. *ibid.*: No. 10, Roll 29 (8 Oct. 1869 to 25 Oct. 1870), Frederick F. Low, 19 June 1870.
 65. BPP, 1871 (volume LXX) (C.389): Lallemand to Alcock, 9 Aug. 1868, pp. 241-2; Rehfués to Vlangaly, 18 Aug. 1868, pp. 244-46; also see Wright, Hart and the Chinese Customs, p. 379.
 66. IWSM, chuan 79, pp. 39a-42a.
 67. Hertslet, volume 1, p. 24: Article XXVII of Treaty of Tientsin entitled 'Duration and Revision of Treaty and Tariff'.
 68. Alcock to Clarendon, No. 130, 28 Oct. 1869: Enclosure No. 2, Alcock to M. de Rehfués (Doyen of Ministers) (Conf.), 20 Oct. 1869, CO129/147.
 69. See note 66.
 70. See note 60.
 71. MacDonnell left Hong Kong on 11 April 1872 on grounds of illness and had asked for retirement; Kennedy arrived in Hong Kong on 16 April 1872: Kennedy to Kimberley, No. 1, 16 April 1872, CO129/157.

1. Opium. China: Imperial Maritime Customs II - Special Series: No. 4. Shanghai, 1881.
2. Alcock to Stanley, 11 February 1869: Enclosures: report on native opium, Lay to Alcock, No. 23, Kewkeang (Kiukiang), 23 Dec. 1868, and extracts from 'local press', F017/519.
3. CCR for 1869, Caine's report for Hankow.
4. Alcock to Stanley, 11 February 1869: Enclosure No. 3, Extracts from the 'local press' on published information brought back by T.T. Cooper, F017/519.
5. Alcock to Clarendon, No. 122, 13 Oct. 1869: Enclosure No. 3, article in Shanghai's 'Evening Courier' of 9 June 1869, F017/525.
6. CCR for 1863, Dennys' report for Tientsin.
7. CCR for 1865, Lay's report for Chefoo.
8. CCR for 1865, Winchester's report for Shanghai, written on 6 April 1867 which included an assessment for 1866.
9. CCR for 1868, King's report for Newchwang.
10. CCR for 1869, Hughes' report for Kiukiang.
11. *ibid.*: Robertson's report for Canton.
12. *ibid.*: reports from Tientsin, Shanghai, and Hankow by Mongan, Medhurst and Caine respectively.
13. CCR for 1870, Markham's report for Shanghai.
14. Robertson to Tenterden, No. 16, 16 May 1877, F017/763.
15. IMC for 1871-72, Taintor's report for Newchwang; also see Annexure L.
16. CCR for 1869, Caine's report for Hankow.
17. CCR for 1872, Sinclair's report for Foochow.
18. CCR for 1872, Hughes's report for Hankow.
19. CCR for 1872, Medhurst's report for Shanghai.
20. CCR for 1873, Medhurst's report for Shanghai.
21. CCR for 1874, Adkin's report for Newchwang.
22. CCR for 1873, Harvey's report for Newchwang.
23. CCR for 1874, Forrest's report for Ningpo.
24. IMC for 1875, Holwill's report for Chefoo.
25. IMC for 1876, Ropsch's report for Kiukiang.

26. CCR for 1876, Davenport's report for Shanghai.
27. CCR for 1876, Fraser to Derby, 1 June 1877. Reasons for the tremendous decrease in the years 1870-71 and 1873-74 was due to opium crop failures and relatively effective efforts at suppression of poppy prohibition. Note also that these were only statistics reported by the Foreign Inspectorate from the quantity that had paid duties and reported in the native customs' returns. The amounts that were clandestinely exported were probably many times that amount.
28. IMC for 1876, Mouillesaux de Bernières's report for Hankow.
29. IMC for 1874, Glover's report for Shanghai.
30. See note 14. An estimate by Robertson had put the yield in 1875 for the western provinces, i.e. Yunnan, Szechuan, Kweichow and Kansu, at between 25,000 and 32,000 piculs as compared to 15,000 and 18,000 piculs for 1865. If these figures could be relied upon, the production had nearly doubled within a decade.
31. It is to be noted that because negotiations for the Chefoo Convention were underway, China had made attempts at prohibiting its own cultivation, which naturally led to a decrease in supply at the Treaty ports, and thereby allowing for a slight increase in the foreign import.
32. CCR for 1862, Bruce to Russell, No. 2, 15 Feb. 1863.
33. See note 1: the special report made in 1864 was contained in the publication of 1881.
34. The prices are compiled from CCR and IMC reports for the years 1869-76. As a general rule, Indian opium was mostly consumed in the coastal provinces while native opium dominated the interior of China. In a memorandum drawn up by W.H. Medhurst, British consul at Shanghai, he noted the distribution of the various types of Indian opium: 'The distribution of the various classes of imported opium into China is peculiar, and does not at first sight appear from an inspection of the Customs Returns. Roughly speaking, there may be said to be three tracts, the

inhabitants of which are marked by as many peculiarities of taste. Along the coast as far north as the Yangtze, with the apparent exception of the districts about Ningpo, Bengal opium is almost exclusively made use of. The general taste is for Patna, but Benares is the favourite in Formosa and in some parts of Fuhkien.

Ranging west and north of this line, and including part of Kwangtung and Kwangsi, Anhwue, and the North-Eastern Provinces and Shingking, is a second belt in which Malwa is consumed, to the almost entire exclusion of Bengal, the latter, apparently, being only smoked by those who elsewhere have become accustomed to its use. To the west and north of this belt, again, native opium is mainly used, foreign drug being considered a luxury, and only purchased by the opulent or connoisseurs in the article.' (CCR for 1874, Medhurst's memorandum 'On the use of the various descriptions of Opium in China.')

Also it was reported that for 1874 Shansi opium was selling much more dearer than Indian opium because of its particularly good quality for the year.

35. See Annexure D; also see Wade to Granville, No. 71, 22 April 1872, FO17/650: In mid-1871 Wade called upon his consuls to make detailed reports on the 'operation of likin or other similar impost' at the Treaty port districts on foreign merchandise, including opium. Replies came from ten consular districts (all in enclosures) and what they reported, as far as the likin on opium went, collaborates with the compilation in Annexure D which is based on Chinese sources.
36. CCR for 1868, King's report for Newchwang.
37. The list is compiled from Consular Commercial Reports (CCR) and Trade Reports of the Foreign Inspectorate (FI), according to the year and Treaty port indicated. For 1868, the list came from a table compiled by T. Dick, commissioner of customs at Shanghai, which was included in his report submitted to Hart for 1868.

38. See Annexure F (i).
39. The reports were contained in Mactier, Opium Examiner, to The Officiating Junior Secretary to the Board of Revenue, No. 1, 10 June 1861; Buckle, Opium Examiner to The Officiating Junior Secretary etc., No. 12, 27 Jan. 1869; and tabulated into three tables by R.L. Mangles, Officiating Secretary, Board of Revenue, Lower Provinces, in 26 Oct. 1870: 'Papers Relating to the Opium Question' (Calcutta, 1870), IO (12) 1320.
40. See note 34: part of the Memorandum drawn up by Medhurst in 1875 for his report for 1874.
41. In regard to the Chinese government's policy towards Indian opium, it has been discussed in Chapters 1 and 3; and will be dealt with at appropriate places.
42. Alcock to Stanley, 11 February 1869, FO17/519.
43. Yü En-teh, Chung-kuo chin-yen etc., p. 94.
44. 'Peking Gazette' of 29 Jan. 1869; also in Yü, p. 95; and Alcock to Stanley, 11 Feb. 1869: Enclosure No. 4, FO17/519.
45. Ch'ing shih lu, (Mu-tsung) chüan 336, p. 6b.
46. Yü, op.cit., p. 95; Peking Gazette of 19 Dec. 1872; and Wade to Granville, No. 1, 1 Jan. 1873: Enclosure No. 1, FO17/652.
47. Wade to Derby, No. 110, 18 June 1874: Enclosure Wade to Viceroy of India, 6 June 1874, FO17/674.
48. 'Peking Gazette' of 26 Sept. 1876; Fraser to Derby, No. 173, 2 Oct. 1877: Enclosure No. 1, FO17/757.
49. IWSM, chüan 93, pp. 21a-24a.
50. ibid.: p. 24a.
51. ibid.: chüan 99, pp. 26b-28a.
52. See note 47.
53. Yü, op.cit., p. 102.
54. Wade, in 1873, observed that the Imperial government was very much dependent on revenue derived from foreign trade and that though it was arranged that a fund should be formed after 1865 when the indemnity had been paid, to be kept in the joint charge of the Tsungli-yamen and

the Board of Revenue, and that this fund should amount to some 19,600,000 taels by September 1871 - however, 'owing to the exigencies of the provincial governments, there had been remitted something less than half that sum and of this about 4/5 had been lent.' This can be considered a reflection of the laissez-faire policy adopted by the Imperial government towards the levy of 'illegal' dues on opium: Wade to Granville, No. 195, 10 Sept. 1873, FO17/655.

55. Annexure I (i).

56. Indian government to Hong Kong government, IO (12) 1320; Alcock to Clarendon, No. 122, 13 Oct. 1869, FO17/525; and Clarendon to Alcock (Draft), No. 136, 20 July 1869, FO17/517.

57. India Office to Foreign Office, 16 July 1869, FO17/543.

58. The council meetings were composed of the Viceroy and Governor-General in Council, the Lieutenant Governor of Bengal, and members of the Board of Revenue.

59. Minute by Sir H.M. Durand of 4 Feb. 1870, Memorandum by W.R. Mansfield of 6 Feb. 1870 and Memorandum by R.B.C. of 19 March 1870, IO (12) 1320.

60. *ibid.*: Memorandum by R.B.C.; see note 57 of Chapter 3.

61. 'Trade, Cultivation, Manufacture and Consumption', No. 2, Fort William, 23 Feb. 1871 (Separate Revenue Proceedings, July 1871, No. 26), IO (12) 1320.

62. This judgment was based on a comparison of the qualities of each, which showed that Indian opium was much superior - even taken into consideration their respective prices. It was also based on the lack of comments from the foreign opium merchants, although some anxiety was expressed by them, such as those from Jardines in its concern over the increased growth of native opium which might affect the import of the Indian drug: Alcock to Stanley, 11 Feb. 1869, FO17/519.

63. Alcock to Clarendon, No. 122, 13 Oct. 1869, FO17/525.

Note that the special memorandum drawn up by the Indian

government (see note 61) was compiled from reports to Alcock's circular.

64. Alcock to Stanley, No. 35, 9 Feb. 1869: Enclosure Cooper's report, F017/519.
65. Alcock to Stanley, No. 40, 11 Feb. 1869: Enclosure No. 3, extracts from the local press on Cooper's journey, F017/519.
66. Alcock to Clarendon, London, 7 May 1870: Enclosure No. 1, extract from the 'Spectator', F017/549.
67. Wade to Granville, No. 1, 1 Jan. 1873: Enclosure No. 1, translation of the Imperial decree of 19 Dec. 1872, F017/652.
68. Wade to Granville, No. 167, 25 July 1873: Enclosure Malet to Wade, 1 July 1873, F017/655.
69. Wade to Derby, No. 110, 18 June 1874, F017/674; also see note 47.
70. Robertson to Tenterden, No. 20, 8 June 1876, F017/731.
71. Foreign Office to Colonial Office, 20 Oct. 1874, C0129/169; or Robertson to Tenterden, No. 44, 6 Aug. 1874, F017/684: Enclosure No. 3, Report of Commission to Colonial Secretary, 28 April 1874.
72. Robertson believed that one cargo out of three would pay a handsome dividend: in his remarks on the report of the Commission.
73. Robertson to Tenterden, No. 45, 6 Aug. 1874: Enclosure No. 2, Memorial in the Hong Kong Daily Press of 1 Aug. 1874, F017/684.
74. Robertson to Derby, No. 55, 1 Dec. 1874: Enclosure No. 1, Resumé of cases of seizure by the Canton Customs and Salt Commissioner's cruisers from 1 July 1872 to 30 June 1874, forwarded by the Hong Kong government - resume written on 1 Dec. 1874, F017/684.
75. 'Grand Chops' were issued by the Hoppo's office at Canton after payment of the Tariff duties on foreign goods at the ports along the coast for goods exported from Hong Kong to the mainland. Possession of such chops would free the junks from the interference of revenue cruisers.

76. Supplementary details of this seizure were contained in Carnarvon to Derby, 3 March 1875, FO17/848.
77. Austin to Carnarvon, No. 66, 9 June 1875, FO17/848 or CO129/170: this contained statement of the three cases of seizure by the Hong Kong Government; Remarks on these cases by Robertson on a point to point basis is in Enclosure No. 2 of Robertson to Tenterden, No. 40, 8 Oct. 1875, FO17/848.
78. Robertson to Tenterden, No. 44, 6 Aug. 1874: contains in all 14 enclosures which gave details of the Commission: Enclosure No. 2, Hong Kong Government Gazette of 20 Dec. 1873, giving notice of the formation of the Commission with the following terms of reference: 'Whereas for the furtherance of Public interests as connected with the action of the Chinese Maritime Customs in the neighbourhood of the Colony of Hong Kong and the detriment of Trade arising out of alleged abuses of such action, it is expedient that enquiries and investigation should be made into certain complaints which have been made of such, alleged abuses, and generally into the results thereof; and whereas such enquiries and investigation will be most conveniently prosecuted by means of a Commission:' FO17/684.
79. See notes 74 and 76.
80. Robertson to Tenterden, No. 44, 6 Aug. 1874: Enclosure No. 3, Report of Commission, FO17/684; and Enclosure No. contains Robertson's remarks on the Report, 5 June, 1874.
81. *ibid.*: Enclosure No. 4.
82. *ibid.*: Enclosure No. 10, Robertson to Wade, No. 41, 20 June 1874.
83. Robertson to Tenterden, No. 45, 6 Aug. 1874: Enclosure No. 2, Memorial in Hong Kong Daily Press of 1 Aug. 1874, FO17/ 684.
84. Colonial Office to Foreign Office, 27 Aug. 1874: Enclosure No. 1, Kennedy to Carnarvon, No. 133, 10 July 1874, FO17/693.

85. *ibid.*: Enclosure No. 2, Messrs. Caldwell and Brereton to the Colonial Secretary, 25 June 1874.
86. Robertson to Tenterden, No. 45, 6 Aug. 1874: Enclosure No. 1, Robertson to Wade, No. 54, 1 Aug. 1874, FO17/684.
87. Kennedy to Carnarvon, 9 Nov. 1874, No. 4 of 'Correspondence relating to the Complaints of the Mercantile Community in Hong Kong against the Action of Chinese Revenue Cruizers in the neighbourhood of the Colony', FO17/848.
88. Carnarvon to Derby, 3 March 1875, FO17/848.
89. Carnarvon to Kennedy, 22 March 1875, No. 8 of 'Correspondence etc.' - see note 87.
90. Memorandum by Wade (Confidential, Foreign Office, Jan. 1869): This was probably enclosed in Wade to Derby, No. 191, 11 Sept. 1874: FO17/675.
91. Wade to Granville, No. 122, 26 May 1871, 'Papers Relating to the Opium Question' (Calcutta, 1870).
92. ~~Whitfield to Kimberley, No. 131, 28 Aug. 1871: Enclosure No. 1, Wade to Whitfield (Conf.), 21 June 1871, CO129/151.~~
93. *ibid.*; Colonial Office to MacDonnell and Rennie (Draft), 22 April 1871: opinion expressed in Minute Paper, CO129/154.
94. MacDonnell to Kimberley, No. 920, 10 Jan. 1872 (No. 2033 H.K.), CO129/156: Enclosure No. 2, David Sassoon and Co. to MacDonnell, 8 Jan. 1872.
95. *ibid.*.
96. Colonial Office to Foreign Office, 11 March 1872, CO129/156.
97. Robertson to Tenterden, No. 44, 6 Aug. 1874: Enclosure No. 6, Robertson to Austin, 20 June 1874, FO17/684.
98. *ibid.*: Enclosure No. 13, Wade to Robertson, No. 12, 6 July 1874; and Enclosure No. 14, Robertson to Wade, No. 55, 1 August 1874.
99. Robertson to Austin, 5 Aug. 1874: Inclosure No. 9 in No. 2 of 'Correspondences etc.' - see note 87.
100. Carnarvon to Derby, 9 Aug. 1875, FO17/848.
101. Colonial Office (memorandum) 3 March 1875, FO17/848.
102. Robertson to Tenterden, No. 40, 8 Oct. 1875, FO17/848;

- Robertson to Tenterden, No. 42, 12 Oct. 1875, F017/848.
103. Carnarvon to Derby, 27 Jan. 1876, F017/848.
104. Robertson to Foreign Office, No. 18, 22 May 1876:
Enclosure of Proclamation issued on 12 May but only
exhibited on 15 May called 'Punishment for smuggling',
F017/848.
105. Robertson to Tenterden, No. 6, 10 Jan. 1876, F017/848.

1. Wade to Derby, No. 125, 26 June 1875, F017/699.
2. Wade to Granville, No. 71, 22 April 1872: contained 11 Inclosures, F017/650.
3. Tsungli-yamen to Wade, 8 Sept. 1875 (No. 54), F0230/95.
4. Wade to Stanley (telegram in cypher), No. 192, Chefoo, 12 Sept. 1876; Wade to Stanley (telegram), Chefoo, 14 Sept. 1876, F017/848.
5. CCS, volume 6, pp. 356-76: the Memorandum also included other proposals which called for a slight raise of Tariff duty on the important staples of imports and exports. (the Memorandum was much more than the page numbers indicated but these contained 'commercial proposals')
6. 'Supplementary Despatch from the Inspector General of Customs to His Imperial Highness the Prince of Kung and their Excellencies the Ministers of the Tsungli Yamen.' Peking, 8 Feb. 1876, CCS, volume 6, pp. 455-461.
7. At a slightly later date, Li pointed out that he had originally suggested a duty of 120 taels per chest on opium - identical to the proposal made in Hart's memorandum - and then reduced it to 80 taels for the southern ports and 50 taels for the northern ports. This was refused by Wade, who contended that at the southern ports the likin and duty combined only averaged 50-70 taels and only 30-40 taels at the northern ports. The eventual settlement therefore was a compromise, in that it left the amount of levy to the individual provincial governments. LHC, Translation Bureau, chüan 6, pp. 43b-46a.
8. Hertslet, volume 1, No. 11, Articles 3, 6 and 7 pages 77,78 and 78-79 respectively.
9. LHC, Memorials, chüan 27, pp. 38a-58a; Fraser to Derby, No. 236 (Conf.), 27 Dec. 1876, F017/ 776.
10. CCSL, chüan 7', 37a-38a.
11. Wade's reasoning and arguments were contained in a memorandum written on 14 July 1877, but was not made available to parliament until mid-1882 because of the

opposition of the Indian government to having it known. Wade to Granville, No. 34, 3 June 1882: Enclosure of his Memorandum, FO17/896.

12. Memorandum by Wade, 28 Feb. 1877, FO17/849.
13. Wade to Salisbury (Conf.), No. 2, 10 May 1879: Inclosure No. 1, Wade to Viceroy and Governor-General of India, Calcutta, 16 Feb. 1879: In 1875, of the total import duty of 3,904,439 taels, opium accounted for 1,880,000 taels or nearly half of the total. Wade also gave a list of the approximate amount of likin collected at the various ports - Kiungchow 23 taels, Swatow 21.5 taels, Amoy 84.6 taels, Foochow 84.6 taels, Ningpo 32 taels, Wenchow 40 taels, Shanghai 40 taels, Chinkiang 16 taels, Chefoo 32 taels, Tientsin 18 taels, Newchwang 18 taels, Hankow 30 taels, Canton 23 taels and Wuhu 30 taels. The tael at that time was equivalent to 6s sterling.
14. Wade to Stanley (tele. in cypher), No. 192, Chefoo, 12 Sept. 1876, FO17/848.
15. *ibid.*: Telegram sent to Wade in Draft.
16. Wade to Derby (telegram), No. 210, 17 Oct. 1876, FO17/727.
17. *ibid.*.
18. India Office, 30 Oct. 1876, 'Political and Secret Home Correspondences' volume 14, October - December 1876, IO L/P and S / 3.
19. Fraser to Derby, No. 34, 13 Feb. 1877, FO17/753.
20. Viceroy of India to India Office, 6 March 1877 (telegram), IO L/P and S / 3 volume 16, February-April 1876.
21. Foreign Office to India Office, 19 Feb. 1877, FO17/769.
22. India Office to Foreign Office, 23 July 1877, FO17/775.
23. India Office to Foreign Office, 30 July 1877, FO17/775.
24. Foreign Office to India Office, 1 Aug. 1877, FO17/775.
25. Draft note of answer to be made in the House of Commons, 21 Jan. 1878, FO17/795.
26. India Office to Foreign Office, 28 Nov. 1878, FO17/798.
27. *ibid.*: Enclosure letter from the Government of India, No. 22, 16 Sept. 1878 which encloses the two memorials.

28. India Office to Foreign Office, 2 Oct. 1877; and Foreign Office to India Office, 17 Oct. 1877, FO17/776.

29. Wade to Salisbury, No. 2, 10 May 1879, FO17/809.

In a subsequent despatch in December 1881, the Indian government tried to exonerate itself by saying that the Opium Clause in the Treaty of Tientsin had not been extorted from China, since the latter was more than willing to legalize the drug. As regards the Chefoo Convention, the Indian government had never raised any objection, but merely observed that the system of collection would not work since other Treaty powers would then import opium in ships not flying a British flag. Hence, nothing satisfactory could be accomplished by the opium clause. (Government of India to Lord Marquess, No. 312 of 1881, 19 Dec. 1881, 'Correspondence with the Government of India respecting the Negotiations with China on the Subject of Opium.' London 1882.) This line of argument was not introduced by the Indian government before this date. That it should be raised in 1881 could show the pressure, put on it by the Anti-opium Society. Moreover, the argument was not a convincing one since India had the power to restrict opium carriers to British registered ships.

30. India Office to Foreign Office, 23 Aug. 1879: Enclosure Lord Salisbury's letter of 23 August 1879, FO17/823.

31. Foreign Office to India Office, 31 May 1878, FO17/796.

The suggestion for non-ratification by the Indian government was not evident, but it could be read between the lines.

32. The 'Times' of 24 July 1878: Account of Debate in House of Lords: The Chefoo Convention.

33. Exception to the rule was the agreement reached at Foochow between the foreign opium firms and the local superintendent of customs. A 'lowered likin of 55 taels per picul was levied 'in consideration of consignees securing the payment of such tax on all their consignments as per Customs entries.' This arrangement was similar, if not identical,

to the opium clause of the Chefoo Convention, and it worked well because, by lowering the likin and allowing the drug free circulation in the port area, trade was enhanced to the benefit of the opium merchants. The local authorities, on the other hand, also benefitted with an assured revenue and with the lessening of likin, more drug was expected at the port. The reasoning behind this agreement, in fact, coincided with what Wade had in mind when he introduced the opium clause. (Fraser to Salisbury, No. 200, 6 Nov. 1878, FO17/783.)

34. David Sassoon and Co. to Derby, 14 Feb. 1877, FO17/775.
35. Fraser to Derby (Conf.), No. 129, 26 June 1877: Enclosure Address made by Shanghai Chamber of Commerce to London Merchants representing it, 15 June 1877, FO17/775.
36. Memorials from these chambers to the Foreign Office are in FO17/776.
37. Halifax Chamber of Commerce to Foreign Office, 8 Dec. 1877, FO17/776.
38. Anti-opium Society to Derby, 24 Nov. 1876, FO17/740.
39. The Church Missionary Society to Derby, 20 Jan. 1877, FO17/769.
40. The Memorial was received by the Foreign Office on 10 Nov. 1877, FO17/776. The activities of the Anti-opium Society and its increasing influence in Britain will be dealt with in Chapter 6. For the moment, they were just making their views felt.
41. Wade to Derby, No. 4, 17 Jan. 1877: Enclosure Wade to Kennedy, 29 Nov. 1876, FO17/753.
42. *ibid.*: the reasons gave by Wade were the same as ones he had introduced in his memorandum of 14 July 1877.
43. By such an interpretation of the purpose of the commission, contrary to what Wade and the Tsungli-yamen had wanted it to be, the Hong Kong Chamber had already sealed its fate before the meeting though the commission was never held until 1886. Austin to Carnarvon, No. 48, 14 March 1877 (No. 5144 H.K.): Enclosure Report of Committee of Hong Kong

General Chamber of Commerce at its annual meeting on 12 Feb. 1877, CO129/177.

44. Kennedy to Carnarvon, 28 Jan. 1877 (No. 4510 H.K.), CO129/177.
45. Carnarvon to Derby, 25 April 1877, FO17/849. In this long despatch, the Colonial Office pronounced its stand on the issue of the blockade. It agreed to the legality of the blockade and was, thereby, agreeable to the proposed solutions, in principle. But it also expressed dissatisfaction at the way the Canton authorities refused to publish a list of the dues and duties that were levied at the customs stations surrounding Hong Kong. The Colonial Office, believing in the representations made to it by the Colonial government and the merchants, objected to the differing amount of levies that were charged at the stations. It also complained of the harassments caused to junk traders, citing the 'Kum Hop Sing' case. It agreed to the Hong Kong contention that the Hoppo had no jurisdiction over Formosa and therefore could not levy dues on cargoes coming from or going to Formosa. Most of what the Colonial Office complained of were true, but the allegation of the Hoppo was devoid of a true understanding of the workings of the Chinese customs. The allegations, taken as a whole, do prove the bias of the Colonial Office towards the Colony, and resulted in the creation of unnecessary impediments to the solution of the blockade issue.
46. Hennessy to Carnarvon, No. 107, 6 Sept. 1877 (No. 12475 H.K.) CO129/179. For a summary of the Ordinance, see Annexure H (iii); and for the actual Ordinance, CO130 volume 3.
47. Wade's memorandum, 30 Nov. 1877, FO17/849. His remarks on this proposal are important in that they reflected the relationship between the Foreign Inspectorate and the native customs at Canton, a strained one which was to affect attempted solutions to the blockade in subsequent years.
48. Memorandum by J. Pauncefote on 26 Feb. 1878, FO17/849.

49. Robertson to Derby, 5 March 1878, FO17/849.
50. Hennessy to Carnarvon, No. 3, 8 Jan. 1878, (No. 2007 H.K.), CO129/181.
51. Draft to Robertson drawn up on 31 Oct. 1877 but only sent off on 8 Dec. 1877, FO18/849. The decision to remove Robertson from the Canton-Hong Kong area could well be due to strong representations made against him by the Hong Kong government and the mercantile community. However, the delay in sending notice to him cannot be explained.
52. Printed documents concerning the blockade for the year 1877 in which the Colonial Office made this comment. No. 2356 H.K., CO129/183. Jui-lin had died in Canton on 20 Sept. 1874. IMC for 1874, Kleinwachter to Hart, 31 Jan 1875.
54. Fraser to Prince Kung, 25 Dec. 1876, No. 89, FO230/96; Fraser to Derby, No. 166, 12 Sept. 1877: Kung wanted the establishment of the commission in order to settle the differences arising out of the blockade so that the Hong Kong Government would have no complaints. FO17/756; TY (1), ts'e 5, Fraser to Prince Kung of 18 Sept. 1877.
53. Hennessy to Carnarvon, No. 29, 13 March 1878 (No. 4866 H.K.), CO129/181. In another despatch Hennessy, quoting from the Harbour Master's report on the junk traffic, observed that there was an increase of 25% in 1877 as compared to 1876. (Hennessy to Carnarvon, No. 152, 6 Nov. 1877, (No. 15019 H.K.) CO129/179)
55. Colonial Office to Foreign Office, 4 March 1878, FO17/849.
56. *ibid.*: Draft despatch to Colonial Office, 4 March 1878.
57. Foreign Office to Colonial Office, 10 March 1879, FO17/849.
58. Colonial Office to Foreign Office, 18 April 1879, FO17/849.
59. TY (1), Li Hung-chang's communique, 9 Jan. 1877, ts'e 2.
60. TY (1), ts'e 3, Shen Pao-chen's communiqué, 17 Jan. 1877.
61. TY (1), ts'e 4, 'Shen Pao-chen's communiqué, 24 Jan. 1877.
62. See note 54.
63. Seward to State Department, no. 216, 7 March 1877, 'Despatches from U. S. Ministers to China', Roll No. 45, 7 March 1877 - 23 June 1877.

64. TY (1), ts'e 6, translation by Tung-wen-kuan, 31 May 1878.
65. See note 32.
66. Throughout this period of uncertainty, the Indian government never spelt out clearly its objection to the opium clause and never asked precisely for non-ratification. All it did was to express doubt as to the correctness of Wade's arguments, which, because they relied on the 'future', could neither be proven nor refuted. The Home government took these doubts as sufficient grounds for non-ratification of the opium clause. This, in fact, enabled the Indian government to declare, in no uncertain terms, in 1881, that it was not responsible for the decision taken by the British government not to ratify the opium clause. See note 29.
67. The point made is, of course, subject to argument. It is based on the ~~tone of the communications received by~~ the India Office from the Indian government, and also from those sent by the former to the Foreign Office.

1. IMC for 1876, Bredon's report for Canton.
2. Robertson to Tenterden, No. 16, 16 May 1877, F017/763.
3. Fraser to Derby, No. 79, 3 April 1877: Enclosure No. 2, Extract from Hankow Report for 1876, F017/754.
4. IMC for 1876, Kopsch's report for Kiukiang; CCR for 1876, Cooper's report for Ningpo and Davenport's report for Shanghai.
5. IMC for 1877, Part I China.
6. CCR for 1877, Scott's report for Tamsui and Kelung.
7. *ibid.*: Forrest's report for Tientsin.
8. *ibid.*: Adkin's report for Newchwang.
9. *ibid.*: Jamieson's report for Chefoo.
10. IMC for 1877, Drew's report for Ningpo.
11. IMC for 1878, White's report for Hankow.
12. *ibid.*: Hughes' report for Newchwang.
13. *ibid.*.
14. CCR for 1878, Adkins' report for Newchwang.
15. *ibid.*: Warren's report for Wenchow, and Davenport's report for Shanghai; Fraser to Salisbury, No. 130, 7 Aug. 1878: Enclosure No. 1, Report by Hillier, 10 July 1878, F017/782.
16. CCR for 1878, Hughes' report for Hankow.
17. See section on Attempts at prohibition, page 11 on.
18. CCR for 1879, Watter's report for Ichang; IMC for 1879, Edgar's report for Ichang.
19. CCR for 1879, Bristow's report for Tientsin, and Everard's report for Wenchow.
20. IMC for 1880, Farago's report for Ichang; CCR for 1880, Spence's report for Ichang.
21. IMC for 1880, Hart's report for Shanghai.
22. CCR for 1880, Bullock's report for Wuhu.
23. IMC for 1881, Hart's report for Shanghai.
24. CCR for 1881, Jamieson's, Bristow's and Allen's reports for Kiukiang, Chinkiang and Newchwang, respectively.
25. *ibid.*: Spence's report for Ichang.
26. Grosvenor to Granville, No. 101, 1 Oct. 1882: Enclosure Hosie's Notes written 31 July 1882, F017/899.

27. Grosvenor to Granville, No. 109, 10 Oct. 1882: Enclosure No. 1, Chang Chih-tung's memorial, FO17/899.
28. IMC for 1882, Hughes' report for Wuhu.
29. *ibid.*: Hughes' (Geofrey) report for Chefoo.
30. CCR for 1882, Oxenham's report for Chinkiang.
31. *ibid.*: Gardner's report for Ichang; similar observations were contained in almost all CCR and IMC reports for the year.
32. *ibid.*: Hughes' report for Shanghai.
33. IMC for 1882, Part I China.
34. IMC for 1883, Hobson's report for Tientsin.
35. CCR for 1883, Brenan's report for Chefoo.
36. *ibid.*: Allen's report for Newchwang.
37. IMC for 1883, Morgan's and Simpson's reports for Ichang and Kiukiang, respectively.
38. *ibid.*: Schoeniche's and D'Arnoux's reports for Wuhu and Wenchow, respectively.
39. *ibid.*: Fisher's report for Tamsui.
40. CCR for 1883, Oxenham's report for Chinkiang.
41. IMC for 1884, Chalmer's report for Ichang.
42. CCR for 1884, O'Connor's General Report on the Trade of China for 1884, 26 May 1885.
43. *ibid.*: Hughes' report for Shanghai.
44. CCR for 1885, Scott's report for Wuhu.
45. *ibid.*: Oxenham's report for Chinkiang.
46. IMC for 1885, White's report for Newchwang.
47. O'Connor to Salisbury, No. 453, 11 Nov. 1885: transmits report from Oxenham, 28 Oct. 1885, FO17/985.
48. According to Wade, who had an interview with Kuo and representatives of the Anti-opium Society on or before 20 March 1877, Kuo said that he would furnish him a copy of his memorial to the throne. According to Kuo's third memorial, the first memorial was written on 22 March, i.e. two days after the interview. It would appear that the memorial was written as a consequence of the meeting and was intended more as a diplomatic weapon. Wade to Derby, London, 20 March 1877, FO17/761.

49. Kuo Sung-t'ao, Yang-chih shu-wu ch'üan-chi, Memorials, chüan 12; English translation in F0682/369. Quotes in the text are taken from the English translation. The moral arguments as well as the traditional cliché that the literati should lead and educate the masses were most evident.

50. CCSL, chüan 10, pp. 1a-4a; or TW, pp. 395-98.

51. CCSL, chüan 10, pp. 6b-10b; or TW, *ibid.*.

52. TW, p. 398. In actual fact, when Kuo's second memorial was received, the Board of War was instructed by the Emperor to command all high-ranking officials to take into considerations all the facts contained in the memorial and to submit suitable schemes. Seward to State Department, No. 298, 10 July 1877, 'Despatches from United States Ministers to China', Roll No. 46, June 29, 1877 - Aug. 10, 1877.

~~53. Fraser to Derby, 17 Nov. 1877, F017/758: Enclosure, Intelligence Report by Mayers, 16 Nov. 1877.~~

At an earlier date, Mayers reported that a special Grand Council meeting was called on 2 November to consider Kuo's memorial. It was the customary assembly of all heads of departments, and Ho Show-ts'ze, lately President of the Court of Censors, and then President of the Board of Works, proposed an immediate interdict upon the consumption of opium at Peking. Prince Kung and some other members of the Grand Council demurred to this and the compromise agreement was that no comprehensive measures would be adopted until next spring, after the Chinese new year, by which time it was hoped that reports from the provincial leaders would have come back. Places that sell opium in and around Peking, however, were to be all closed. Fraser to Viceroy of India, 6 Nov. 1877: Enclosure, Intelligence Report by Mayers, 5 Nov. 1877, 'Papers Relating to the Cultivation and Consumption of Opium in China' (from Jan. 1877 to Jan. 1879), (Calcutta 1879), pp. 8-9.

54. Fraser to Derby, No. 173, 2 Oct. 1877: Enclosure No. 1, Imperial decree in Peking Gazette of 26 Sept. 1876, F017/757.
55. Fraser to Derby, No. 185, 19 Oct. 1877: Enclosure, Imperial decree in Peking Gazette of 13 Oct. 1877, F017/757.

Mayers, commenting on the edict, observed that the last part, 'should the district officials continue to shew an absence of energy in the execution of their orders, and to be guilty of winking at a practice of which they are well aware, let them forthwith be rigorously denounced by the throne.', could well be an indirect attack on Li Hung-chang. This could well be true since failure of the Chefoo Convention had put Li temporarily out of favour with the Imperial government, and his views, therefore, were subjected to 'indirect' criticisms though no direct assault was launched against him because he was still too politically powerful. Mayers' Intelligence Report of 5 Nov. 1877, see note 53.

56. TW, pp. 492-3; Fraser to Derby No. 235, 11 Dec. 1877: Enclosure of memorial in Peking Gazette of 8 Dec. 1877, F017/759; also Fraser to Derby No. 228, 1 Dec. 1877: Enclosures concerning denunciation of the officials and Mayers' comments, F017/759: Mayers mentioned that according to the statutory Decree of 1840, opium smoking on the part of any subject of China, whether he be an official, a soldier or a private person, was punishable by death. In 1870, this statute was amended to read, 'Any official functionary or soldier who smokes opium shall be sentenced to death by strangulation after imprisonment to await revision.' However, no official or soldier had so far been punished in such a way. Stripping of rank was in comparison a very minor punishment.

57. Fraser to Derby, No. 29, 25 Feb. 1878, F017/779.
- At a later date, in 1881, Liu K'un-i, while Governor-General of Liang-kwang, was accused by a censor of being an opium addict and neglecting his duties. However, no action was taken by the Imperial government.

58. *ibid.*: Enclosure, Memorandum by Mayers, 14 Feb. 1878.

59. *ibid.*.

60. Fraser to Derby, No. 46, 10 March 1878, FO17/780.

61. Fraser to Salisbury, No. 94, 28 March 1878, FO17/780.

62. Fraser to Salisbury, No. 96, 7 June 1878, FO17/781.

Three months later, Fraser had to report that what was believed to be total suppression in Manchuria had turned out to be false. Prohibition was only enforced in areas lying immediately under the notice of the magistrate and those close to the headquarters of the Manchu authorities. In other areas, there was even more cultivation and the yield from the year's crop was expected to be much above average. Fraser to Salisbury, No. 163, 16 Sept. 1878, FO17/782.

63. Fraser to Salisbury, No. 139, 18 Aug. 1878, FO17/782.

The memorial must have been written and submitted earlier ~~since in the Peking Gazette of 17 August, the throne had~~ already called on provincial officials to follow Tso's example in their provinces.

64. Fraser to Salisbury, No. 156, 30 Aug. 1878: Enclosure No. 1, Tso's memorial of 26 August, date of its appearance in the Peking Gazette, FO17/782.

65. *ibid.*: Enclosure No. 2, Appendix to Tso's memorial in the Peking Gazette of the same day.

66. Fraser to Salisbury, No. 177, 2 Oct. 1878, FO17/783.

67. Fraser to Salisbury, No. 290, 25 Nov. 1878: Enclosure, Memorandum from Brennan of 24 Nov. 1878, FO17/783.

68. Fraser to Salisbury, No. 202, 8 Nov. 1878: Enclosure No. 2, Proclamation of September 1878, FO17/783.

69. *ibid.*: Enclosure No. 1, Intelligence Report by Oxenham of 24 Oct. 1878.

70. IMC and CCR for 1879. This year also saw a cessation of memorials and edicts prohibiting poppy cultivation, though in the provinces, proclamations were still issued but they had become an annual affair with practically no force behind them. Giles to Granville, No. 13 (Commercial), Amoy, 24 July 1880, FO17/836.

71. See page 5 of this chapter.
72. TW, pp. 1095-57, Tso's memorial; p. 1097 Edict.
Hewlett to Granville (Conf.) No. 22, 8 July 1881:
Enclosure No. 1, Tso's memorial; Enclosure No. 2, Edict
of '5 June 1881, F017/862.
73. Local authorities at Shanghai, also in response to Tso's
proposal, suggested a likin of 80 taels and an increase
in other dues to make a total of 150 taels including the
Tariff duty. CCR for 1881, Hughes' report for Shanghai.
74. F0682/1801C, undated.
75. LHC, Memorials, ch'uan 41, 27a-31a; Hewlett to Granville,
No. 24 (Conf.), 16 Aug. 1881: Enclosure, Li's memorial,
F017/862.
76. TW, pp. 1357-62; Grosvenor to Granville, No. 109, 10 Oct.
1882: Enclosure No. 1, Chang's memorial, F017/899.
77. Hance to Granville, No. 27 (Conf.), Canton, 5 Sept. 1881:
Enclosure, memorial, F017/862.
78. A. Hosie reported from Chungking in late 1883 that prohibi-
tion edicts were once more issued but gathered that they
would become dead letters. However, in a subsequent
memorandum, he qualified his previous evaluation by
reporting that poppy fields in the immediate vicinity of
the provincial capital, Chungking, were cleared and food
crops were grown. However, in the country, poppy fields
were in abundance. Such a phenomenon was not a novel one
but had become customary. Grosvenor to Granville, No. 124,
22 Oct. 1883: Enclosure No. 1, Hosie to Grosvenor, No. 4,
15 Sept. 1883, F017/925; Parkes to Granville, No. 18,
25 Jan. 1884: Enclosure, Hosie's No. 6, 26 Nov. 1883,
F017/948. Prohibition was effective in Shansi as reported
by memorials from Chang Chih-tung, Chang Wen-hsiang kung
shi-kung tu, pages 8, 13 and 14.
79. Angell to State Department, No. 218, 28 Sept. 1881, 'Despa-
tches from U.S. Ministers etc.', Roll No. 59.
80. TW, pp. 813-24, Memorial by Wang Hsien-ch'ien, Oct.-Nov.
1879; Fraser to Salisbury, No. 190, 10 Oct. 1878, F017/783;

Fraser to Derby, No. 79, 3 April 1877, FO17/754;
CCR for 1881, Bullock's report for Tientsin.

81. On 3 February 1883, Li Hung-chang had a discussion with C. Holcombe, U.S. minister to China, in which the latter suggested that a Chinese delegation should be sent to Britain to convince the people her sincerity in suppressing the drug traffic while at the same time issuing Imperial edicts calling on prohibition of smoking and poppy cultivation and outlining plans for doing these. In August, Turner, secretary of the Anti-opium Society, sent a letter to J.R. Young, the new U.S. minister, in which he proposed that a despatch should be sent by the Chinese government to the British government stating amicably but resolutely why China objected to the opium trade and what she proposed to do. A private copy should be sent to him and his friends could then raise demands in the House of Commons. Turner concluded by saying that, 'If China will do this, I venture to say that the influence we have gained here will secure that no unreasonable delay or opposition shall be made by the British Government.' However, both were not taken up. Nevertheless, this is an interesting episode in that Li was obviously a party to Holcombe's suggestion, and in accordance with usual official practise, such a suggestion would have been better received coming from a Western official. The lack of response from the Imperial government could well be due to intensive negotiations over the Opium Question during that period. Young to State Dept., Nos. 160 (20 March 1883) and 254 (10 Aug. 1883), 'Despatches etc.', Rolls No. 65 and 67.
82. For examples see CCR for 1876 (Hankow, Ningpo, Shanghai), 1877 (Foochow, Tientsin), 1879 (Shanghai), 1880 (Chinkiang), 1883 (Tamsuy), 1884 (Chinkiang); IMC for 1876 (Canton), for 1877 (Ningpo, Canton), 1880 (Newchwang), 1884 (Tientsin, Ichang).
83. Although the Anti-opium Society became the 'unofficial' leader of the anti-opium movement, other societies still made individual and independent representations to government

84. This publication is entirely different from 'The Friend of China' first published in Hong Kong and then at Shanghai: see King and Clarke, Guide to China Coast Newspapers. Apart from this, there were many other contemporary publications - books and pamphlets, which condemned the opium trade in similar ways: see bibliography.
85. This brief history of the Anti-opium Society is considered necessary because of its steadfastness in its opposition to the opium trade, and its contribution to the solution of the taxation of opium issue. Information about the Society is gathered from the 'Friend of China', FO17 volumes which contain their memorials and activities, and the 'Final Report of the Royal Commission on Opium', Vol. VI (BPP, Vol. XLII (1895): 'Memorandum VI in Annexures to Final Report by Baines on Parliamentary Debates concerning Opium, July, 1894.'
86. Anti-opium Society to Derby, 24 Nov. 1876, FO17/740; same to same, 4 Oct. 1877, FO17/776; The Tsungli-yamen also noted its activities, TY (1), ts'e 5, translation of a Shanghai newspaper (most probably the North China Herald) of 14 Dec. 1877, on 15 Dec. 1877.
87. The Church Missionary Society to Derby, 20 Jan. 1877, FO17/769; London Missionary Society to Derby, 20 Jan. 1877, FO17/776; National Bible Society of Scotland to Derby, FO17/776.
88. 'The Friend of China', Volume III, No. 6, Jan. 1878.
89. Fowler and Turner to Derby, 7 Feb. 1878, FO17/795; the Memorial from Shaftesbury & others in FO17/776.
90. Memorial, *ibid.*
91. Anti-opium Society to Salisbury, 5 April 1878, FO17/796.
92. Huddersfield Methodist Conference to Salisbury, 15 June 1879, FO17/823.
93. Anti-opium Society to Granville, 9 June 1880, FO17/846.
94. Edinburgh Chamber of Commerce to Granville, 22 Feb. 1881, FO17/870.
95. Memorial to Gladstone, 11 Oct. 1881, FO17/872. Malwa

opium came from central India where no direct supervision over its cultivation was exercised by the Indian government. It only levied a heavy transit duty on the opium sent to the export ports of Bombay and Madras. Patna and Benares opium, however, were cultivated in the Bengal region which was directly administered by the Indian government. Not only was production and quality severely regulated, but the inhabitants were under severe penalties not to indulge in the vice of smoking themselves. This was the point referred to by the memorialists.

96. J. MacDonald to Granville, London, 19 and 20 Jan. 1882, FO17/912. What he said was also a biblical one, but he specifically used it as the Chinese maxim.
97. Anti-opium Society to Granville, 9 June 1880, FO17/846. A summary of parliamentary actions taken by members sympathetic to the anti-opium movement was contained in the memorial which was transmitted by this communication.
98. Foreign Office's memorandum on the questions tabled by, Pease on 12 Jan. 1881, and answers prepared by Salisbury for 18 Jan. 1881, FO17/870.
99. Newspaper cutting from the 'Times' (undated), FO17/870.
100. *ibid.*
101. Foreign Office's notes on Mr. Onslow's motion which was an amendment to Mr. Pease's motion, FO17/870.
102. Foreign Office's notes on Arthur Pease's motion, FO17/872.
103. Parliamentary debate on 28 Feb. 1882 (newspaper cutting), FO17/912.
104. Pease to Dilke, 22 July 1882, FO17/913.
105. Memorandum by J. Pauncefote on Pease's question, 25 July 1882, FO17/913.
106. In Foreign Office notes after Memorandum of Pauncefote, FO17/913; and India Office to Foreign Office, 17 Aug. 1882, FO17/913.
107. The 'Times' of 2 Nov. 1882; also extract in FO17/914.
108. The 'Times' of 4 April 1883 recording a debate in the

- House of Commons on 3 April 1883; extract also in F017/941.
109. House of Commons questions for 9 Aug. 1883 and proposed reply by the Foreign Office (final draft), F017/942.
110. Foreign Office record of question in House of Commons on 10 Aug. 1883, F017/942.
111. These petitions and memorials are too numerous to record, but they were contained in F017 volumes 940 to 972, inclusive, and volume 1,001. My count of 105 societies that wrote memorials or petitions might be wrong, but the difference cannot be more than 10 either way.
112. Anti-opium Society to Granville, 18 March 1884, F017/969: 'Comparison of the Exports from England to the eight countries mentioned below shows the relative progress made, and the value of the Exports per head in proportion to the respective populations.'
- | Countries | Values of Exports
1867 £ | 1882 | Increase
% in '15 yrs | Popu.
1882 | Value per
head: £sd |
|-------------------|--------------------------------|------------|--------------------------|---------------|------------------------|
| Australia | 10,357,679 | 28,450,751 | 175 | 3 mil. | 9 8 8 |
| Cape & Natal | 1,966,971 | 8,077,615 | 311 | 1.65 mil. | 4 18 0 |
| W. Indies | 1,837,053 | 2,398,270 | 31 | 1.25 mil. | 1 18 4½ |
| Br. North America | 6,729,903 | 10,682,942 | 59 | 4.5 mil. | 2 7 0½ |
| U.S.A. | 24,119,630 | 38,708,643 | 60 | 52 mil. | 14 10½ |
| India | 22,847,015 | 30,581,860 | 34 | 253 mil. | 2 5 |
| Japan | 1,694,000 | 2,407,663 | 42 | 36 mil. | 1 4 |
| China | 7,669,406 | 8,035,288 | 5 | 300 mil. | 6½ |
113. paragraphs 27 and 28 of Memorandum by Baines, see note 85.
114. India Office to Government of India (Revenue Despatch), No. 59, 16 June 1881, 'Correspondence etc.' C-3378, BPP, 1882 (Vol. XLVIII), pp. 547-93.
115. Government of India to India Office, No. 312 of 1881, 19 Dec. 1881, *ibid.*.
116. Memorandum by J. Pouncefote, 10 April 1883, F017/941.
117. India Office to Government of India, No. 7 (Revenue), 22 January 1885, Appendix D, 'Royal Commission on Opium': see note 85; Kimberley to Granville, 20 Jan. 1885, F017/1001.

118. Pease to Granville, 25 March 1885, FO17/1,001.
119. Note that the Anti-opium Society was only concerned with the opium trade, and little attention was paid to either the growth of opium in China or the customs blockade of Hong Kong, which were considered as of negligible importance. This 'negligence' could be due to the Society's over-concern with moral and religious aspects of the arguments it used, which were not applicable to the blockade; while the cultivation of the poppy was considered something China could prohibit after the taxation of foreign opium issue had been settled to China's advantage. This is an illogical approach adopted by the Society, but it fits well with the moral arguments it used, and in its determination to end the opium trade from India.
120. Kuo Sung-t'ao to Derby, 24 Aug. 1877, FO17/768: this communication is in Chinese.
121. LHC, Letters, chüan 17, pp. 8a-8b, 14 May 1877.
122. The 'Times' of 29 July 1881.
123. See note 81.
124. 'The Friends of China'.

1. Coupled to these major difficulties were others: the increased cultivation of native opium, smuggling especially from Hong Kong, opposition that might be encountered from other Treaty powers, and opposition from opium merchants.
2. Datas are compiled from: 1) 'Correspondences on Opium, 1877 - 1882', FO233/92 - Nos. 4-17 were replies from consuls on likin on opium at the Treaty ports in answer to circular of 30 Aug. 1879 from Wade; 2) CCR and IMC reports; also see Annexure D for breakdown of opium levies, and Annexure J for conversion table.
3. Reports of the amount levied tend to conflict with each other at times. This was basically due to the different sources of information: from foreign or Chinese opium merchants, secret information from local governments since likin rates were seldom published, and personal observations. The Imperial government was never able to obtain accurate information concerning the amounts levied in the provinces and this provided an additional difficulty to the solution of the taxation of opium issue.
4. IMC for 1876, Bredon's report for Canton, pp. 160-70.
5. 7 reports of this uniform collection came from the consuls: O'Connor to Granville, 26 May 1885 (Tientsin) (FO17/981); same to same, 2 June (Kiukiang) (FO17/981); same to same, 7 June (Hankow) (FO17/981); same to same, 9 June (Foochow) (FO17/981); same to same, 16 June (Shanghai) (FO17/982); same to Salisbury, 6 July (Chinkiang) (FO17/982); same to same, 22 Sept. (Ningpo) (FO17/984).
6. Wade to Granville (telegrams), No. 21, 25 May 1881; No. 22, 29 June 1881; No. 23, 6 July 1881: FO17/859.
7. Hart, as the interested observer, confided in Campbell that a struggle for power had ensued between Li and Tso. However, his fears that this would lead to chaos did not materialise. Li retained his control over foreign affairs, but left his office between April and November 1882 to

mourn the death of his mother. He returned in November and once again assumed charge over foreign affairs and the army and navy. Tso's influence rapidly declined in foreign affairs and his death in 1885 removed Li's only powerful antagonist. HCP, z/9, /51, /72, /80, /88, /89.

8. From East India Financial Statement in BBP, compiled into Annexure I (i).
9. See Annexures I (i) and I (ii). E. Baring, in his Financial Statement made on 25 March 1881, noted that about £8 million of the Indian government's net revenue came from opium although in recent years, the government had only relied on it to the extent of £6.5 million. He cautioned that even this amount could not be ignored. 'The degree of embarrassment which would be caused by the whole or partial loss of the opium revenue increases in the direct proportion of the sums which the Indian Treasury derives from this source.' BPP 1881 (Vol. LXVIII), Financial Statement (East India) 1881-82.
10. Another argument put forward by the Indian government was, that stoppage of the opium trade would result in a loss of £5 million a year, and this would not only affect India's but also Britain's finances: 'England owes China a large sum of money annually, which represents the excess of imports from China over exports from the United Kingdom. China, on the other hand, owes India a large sum annually, mainly for opium. This debt, is, in a great measure, paid by transferring to India a portion of England's debt to China. If, therefore, the export trade from India to China were diminished....It is impossible to frame any estimate of the depreciatory effect which would be exercised on exchange....' Indian government to India Office, No. 312 of 1881, 19 Aug. 1881, 'Correspondence with the Government of India respecting the negotiations with China on the Subject of Opium', BPP, 1882 (Vol. XLVIII).
11. Negotiations for the taxation of opium issue resumed when Wade returned to China. Note, however, that attempts were made throughout to solve the blockade question.

12. Answer in the House of Commons (Mr. Stewart), 21 Jan. 1878, FO17/795.
13. India Office to Foreign Office, 28 Nov. 1878, FO17/798.
14. India Office to Foreign Office, 23 Aug. 1879, FO17/823:
This re-assurance was in all probability due to some reprimand he got from his superior for failing to consult and inform the Indian government about his negotiations for the Chefoo Convention.
15. LHC, Letters, chüan 18, 5a-7a; Translations, chüan 9, 1a-6a.
Li also informed Kuo, and later Tseng, to press for a settlement in London.
16. Wade to Salisbury, No. 22, 31 Jan. 1880: Transmits 5 Enclosures of his correspondence with Kung, FO17/829;
A day to day account of the negotiations were contained in Wade to Salisbury, 3 July 1879 (No. 24 Conf.), 3 July (No. 25 Conf.), 10 July (No. 29) (all in FO17/809), 9 Aug. (No. 56 Conf.) - contains two memorandums by Hillier on his discussions with Li Hung-chang, and 9 Aug. (No. 59 Conf.) (all in FO17/810).
17. *ibid.*: No. 22: Enclosure No. 2, Wade to Kung, 20 Nov. 1879, and Enclosure No. 4, Kung to Wade, 14 Jan. 1880. Hart, in fact, was never informed of these negotiations until Wade called on him to tell him, although the Tsung-yamen said that he had been consulted. This mistrust of Hart by the Tsungli-yamen was to continue until after the Additional Article was signed and his services had become essential.
18. Wade to Salisbury, No. 87, 1 Oct. 1879, FO17/811; Yamen to Minister, No. 16, 20 Dec. 1879, FO230/103.
19. Wade to Salisbury, No. 22, 31 Jan. 1880: Enclosure No. 5, Wade to Kung, 30 Jan. 1880, FO17/829; Wade to Salisbury, (tele.) 19 Aug. 1880, FO17/828.
20. The problem of likin and other dues on general merchandise had always been complained of by the foreign representatives. On 8 Nov. 1879, headed by von Brandt, the German minister, the foreign representatives (12 in all) sent a joint memo. to the Tsungli-yamen asking for a conference. The Tsungli-yamen refused the request and gave a point-by-point reply

to the allegations including a number of China's own. As a solution, it countered with 3 propositions to which the foreign representatives refused to agree. Thus, they refused the 'five-year' proposal that Wade and Kung agreed upon, and von Brandt also refused the Additional Article. The point to be noted is that such actions on the part of the foreign representatives also contributed to the delay in the settlement of the taxation issue (on opium). Wade to Salisbury, No. 19, 31 Jan. 1880: with 6 enclosures, FO17/829.

21. Hertslet, No. 68, pp. 416-18; LHC, Translation, chüan 13, 10a-12b; Holcombe to State Dept., No. 57, 26 Jan. 1882, 'Despatches from U.S. Ministers etc.', Roll No. 59.
22. Hertslet, p. 126; and Holcombe to State Dept.: *ibid.*; Hertslet, No. 57, pp. 340-48; TW, p. 1166.
23. Wade to Granville, No. 1 (Conf.), 6 Jan. 1881, FO17/857.
24. Newspaper extract of parliamentary debate, 13 July 1882, FO17/913.
25. see note 23; Wade to Granville (tele.) 6 Jan. 1881, FO17/859.
26. Concern of the British government was evidenced by the correspondence between the various departments: Foreign Office to India Office (Pressing), 31 Aug. 1883; Foreign Office to Board of Trade, 9 Oct. 1883; and Foreign Office to India Office, 10 Oct. 1883: Treaty with Korea not ratified and in negotiations with Korea for a new treaty, the anti-opium clause would be omitted. All in FO17/942.
27. See note 24.
28. See pages 21 and 23 of Chapter 6. These memorials were written after Wade had had discussions with both Tso and Li in late May when both wanted to impose a high uniform rate on opium, to which Wade had refused. Thus, Tso's proposal could be considered as an immediate reaction to Wade's refusal, and also an attempt to force Britain's (or Wade's hand). Wade to Granville (tele) no. 20, 25 May 1881, FO17/859.
29. Tso's memorial came after he was appointed Grand Secretary and a member of the Tsungli-yamen, HCP, z/45, 10 March 1881.

30. India Office to Foreign Office, 21 Jan. 1881, FO17/870.

31. Granville to Wade (tele), No. 6, 5 Feb. 1881: Wade to Granville (tele.), No. 12, 12 March 1881, FO17/859.

The Indian government was very much worried over the diminution or lessening of the opium trade. It was even fearful of strong competition from Persian opium which it claimed was growing in popularity in China and proposed that all the benefits enjoyed by merchants in Persian opium sales should be forgone; such as transshipment benefits at India. The India Office regarded this view as alarmist and no action was taken. India Office to Foreign Office, 3 Feb. 1881, FO17/870.

32. Wade to Granville (Conf.) No. 25, 25 May 1881, FO17/857.

The amount Samuel offered to the Chinese government is illegible, but it should be the same as what he offered a year later - 100 taels per picul - from the 'tone' of the correspondence concerning his scheme. No other books seem to contain this particular fact.

33. Wade to Granville (tele.) No. 27, 12 Aug. 1881: Li was in favour, but Tso was violently opposed to it. FO17/859.

34. HCP, z/50, 22 May 1881.

35. Wade to Granville, No. 14, 25 March 1882: Wade cautioned that Ma was sent on the personal authority of Li Hung-chang. FO17/901; HCP, z/56, 2 Sept. and z/58, 16 Oct. 1881.

36. India^{Office} to^{Foreign} Office, 16 Nov. 1881, FO17/872.

37. India Office to Foreign Office, 24 Nov. 1881: Enclosure No. 2, Memorial from Jardine etc., FO17/872.

38. *ibid.*: Enclosure No. 4, Sassoon to Ripon 7 Sept. 1881; Enclosure No. 6, Bombay Chamber etc., 22 Sept. 1881.

39. *ibid.*

40. India Office to Indian government, No. 59 (Revenue), 10 June, 1881: for Anti-opium Society's objection, see Chapter 6, p. 40 and note 114 (also reference to source.)

41. India Office to Foreign Office, 4 April 1882, FO17/912.

42. Indian government to India Office, No. 312 of 1881, 19 Dec. 1881 - see note 115 of Chapter 6.

43. LHC, Memorials, chüan 41, pp. 32a-33a; Hance to Granville, No. 25, 19 Aug. 1881, F017/862.
44. Wade to Granville, No. 39, 3 June 1882, F017/896. Samuel had talked with Ho while he was in HongKong, and it could well be an attempt, as the Ma mission to India, to ensure that if there was a monopoly, it would be a Chinese one. Wade to Granville, No. 25 (Conf.), 25 May 1881, F017/857.
45. Wade to Granville, No. 38, 3 June 1882: Enclosure No. 2, Wade to Kung, 13 Jan. 1882, F017/896.
46. *ibid.*: (not the Enclosures).
47. Wade to Granville, No. 36, 3 June 1882: Enclosures Nos. 1 to 8, F017/896.
48. See note 46.
49. Wade to Granville, No. 46, 23 June 1882: Enclosure No. 2, Extracts from 'London and China Telegraph' of 13 Feb. & 21 Feb. 1882; and Enclosure No. 3, Wade to Marsh, 8 June 1882. F017/897.
50. Marsh to Kimberley, No. 83, 7 June 1882 (No. 12867 H.K.), C0129/201.
51. Kimberley to Granville, 14 Aug. 1882: Enclosure No. 2, Wade to Marsh, 12 June 1882. F017/913; Wade to Granville, No. 46, 23 June 1882: Enclosures Nos. 4, 5, 6, 7, 9, 10 & 11. F017/897.
52. Kimberley to Granville (Conf.), 24 April 1882: Enclosure No. 1, Hennessy's telegram of 10 April (Simla). F017/912.
53. Kimberley to Granville, 11 Oct. 1882: Enclosure No. 2, Hennessy to Kimberley, 27 Sept. 1882, London. F017/914.
54. Note 52: Enclosure No. 3, Hong Kong Chamber etc. to Kimberley, 4 March 1882. The 'Hennessy' episode was concluded in this way. I have not been able to find any materials in Chinese. However, it is probable that he was involved in some proposal when one considers the actions he took in Hong Kong against smugglers.
55. LHC, Translation, Chüan 12, pp. 22a-24b and 24b-41b.
56. LHC, Translations, chüan 12, pp. 45b-46b. The bank was to act as the representative of the Chinese government to pay for the opium and obtain repayment from opium agents.

57. Wade to Granville (Conf.), No. 1, 20 Jan. 1882, FO17/901.
58. Wade to Granville, No. 4, 9 Feb. 1882, FO17/901. In this communiqué, Wade explained the arguments in detail.
59. Wade to Granville, No. 38, 3 June 1882: Enclosure No. 3, Wade to Kung, 14 Jan. 1882, FO17/896.
60. *ibid.*: Enclosure No. 4, Kung to Wade, 25 Jan. 1882.
61. *ibid.*: Enclosure No. 6, Kung to Wade, 2 Feb. 1882.
62. *ibid.*: Enclosure No. 5, Wade to Kung, 28 Jan. 1882;
63. Granville to Wade, No. 58, 6 May 1882, FO17/893; same to same, No. 7 (extender No. 58), 6 May, 1882, FO17/901.
64. Wade to Granville, No. 39, 3 June 1882, FO17/896.
65. Wade to Granville (tele.), 23 April 1882, FO17/901.
 Three days after this telegram, Wade wrote to say that Li's mother had died and he would be returning to negotiate after the official mourning period of 3 months. The Foreign Office, on hearing this, commented that since this would mean shelving negotiations temporarily, Wade's full report should be studied before coming to any decision. This view was communicated to the Colonial Office which subtly commented that it should not have been left in the dark since Hong Kong was also involved. It refused to comment until Wade's full report had been received and studied. Foreign Office to Colonial Office, 1 May 1882, No. 7801 H.K.. Comments were in the minutes. CO129/205. Then the Foreign Office transmitted all relevant documents: Nos. 14714 and 15107 H.K. dated 11 Aug. and 24 Aug. 1882, CO129/205.
66. Wade to Granville, No. 16, 27 April 1882, FO17/901.
67. Hartington to Granville, 1 June 1882, FO17/913.
68. Wade to Granville, No. 62, 25 July 1882: Enclosure No. 2, Mallet to Samuel (Conf.), 12 Nov. 1881, FO17/897.
69. Granville to Wade, No. 8 (tele.), 2 June 1882, FO17/901.
70. Wade to Granville, No. 62, 25 July 1882: Enclosure No. 1, Grant to Wade, 13 Jan. 1882, FO17/897.
71. Wade to Granville, No. 17, 28 April 1882, FO17/901; LHC, Translations, chüan 13, pp. 4b-7b.
72. CCSL, chüan 27, pp. 33b-37b (8 June 1882); full text in

F0682/369: This document, together with comments by Hart should have been submitted to the Tsungli-yamen and dated 13 June 1882. These were also submitted to Wade, confidentially, and transmitted to the Foreign Office as enclosures 1 and 2 in Wade to Granville (strictly conf.), 21 July 1882. F017/897.

Chang Shu-shen was Governor-General of Liang-kwang, but he was summoned to Peking to act also as Governor-General of Chihli during the latter's period of absence, and it was in this capacity that he held negotiations with Samuel.

73. CCSL, chüan 27, 37b-39a, (11 June 1882).

74. Wade to Granville, No. 56, 21 July 1882: Enclosure No. 3, Hart's observations on the Tsungli-yamen's reactions, 16 July 1882. F017/897.

75. Wade to Granville, No. 54, 20 July 1882, F017/897.

76. Wade to Granville, No. 65, 3 Aug. 1882, F017/897. By this time the Tsungli-yamen had almost certainly abandoned Samuel's scheme and was more interested in a joint collection measure. Hart was very much in favour of Samuel's scheme, but he was not consulted. HCP, z/71,z/80,z/86,z/88, z/89,z/95,z/96,z/98,z/99.

77. Wade to Granville, No. 30, 1 Aug. 1882, F017/901.

78. Minutes by J. Pauncefote, 7 Aug. 1882, F017/913.

79. India Office to Foreign Office (private), 3 Nov. 1882, F017/914.

80. Foreign Office to India Office, 2 Nov. 1882, F017/914.

81. Colonial Office to Foreign Office, 7 Jan. 1884, F017/968.

82. Hennessy to Carnarvon, No. 45, 30 June 1877 (No. 9732 H.K.), C0129/178.

83. Hennessy to Carnarvon, 6 July 1877 (Conf.) (No. 10162 H.K.), C0129/178.

84. Carnarvon to Derby, 2 Oct. 1877: Enclosure, Hennessy to Carnarvon, No. 84, 3 Aug. 1877, F017/772. For Ordinance No. 6 of 1866, see Annexure G (iii).

85. Carnarvon to Derby, 18 May 1877: Enclosures Nos. 1, 2, 3 and 4, F017/770.

86. *ibid.*: Enclosure No. 2, Colonial Secretary to Robertson, 29 Dec. 1876.

87. *ibid.*: Enclosure No. 1, Extract from Minutes of the Executive Council, 8 Dec. 1876.
88. Draft of Colonial Office to Foreign Office, 25 April 1877, attached to Kennedy to Carnarvon, No. 35, 28 Feb. 1877 (No. 4506 H.K.), CO129/177; Derby to Fraser (Draft), No. 66, 23 June 1877, FO17/751; Robertson to Derby, 17 Aug. 1877, FO17/763. Wade, who was then in London, commented that the Hong Kong government's demands were just one but believed that the threat it contained could only be made through the minister at Peking, but that it would be premature to make it. Carnarvon to Derby, 25 April 1877: Enclosure No. 3, Memorandum by Wade, 2 May 1877, FO17/770.
89. Robertson to Derby, 14 May 1877, FO17/763.
90. Carnarvon to Derby, 2 Oct. 1877: Enclosure, Hennessy to Carnarvon, 3 Aug. 1877, FO17/772.
91. Fraser to Derby, No. 158, 1 Sept. 1877: Enclosure No. 1, Fraser to Kung, 1 Sept. 1877, FO17/756.
92. Fraser to Derby, No. 166, 12 Sept. 1877: Enclosure No. 1, Kung to Fraser, 7 Sept. 1877, FO17/756. The Chefoo Convention had only been signed a year before and the British government had not yet refused ratification. This became the first instance of a snub from the Tsungli-yamen since China's part of the agreement had been fulfilled.
93. Hong Kong General Chamber of Commerce to Granville, 25 November 1882: With details of seizures. CO129/204
94. Carnarvon to Derby, 17 Sept. 1877, FO17/771. The state of affairs was also due to restraint exercised by the native customs after a directive from the Tsungli-yamen. See note 92.
95. Derby to Granville, 7 Jan. 1884: Enclosure contains a 'Précis of cases relating to seizures by Chinese Customs Cruisers of junks in Hong Kong Waters.' FO17/968.
96. Hance to Tenterden, No. 31, 17 Dec. 1881: Enclosure No. 4, Governor-General to Hance, 30 Nov. 1881, FO17/862.
A 'hakka' boat is a small-sized vessel somewhere in between a trading junk and a sampan.

97. Marsh to Kimberley, No. 40, 28 April 1882, (No. 10017 H.K.), C0129/199.
98. Marsh to Kimberley, No. 139, 22 July 1882 (No. 16419 H.K.), C0129/202.
99. Foreign Office to Colonial Office, 16 April 1883, C0129/214.
100. See note 98.
101. TW, pp. 1517-8: Memorial from Tseng Kuo-ch'üan, 15 May 1883
102. Wade to Salisbury, No. 18, 28 May 1879, F017/849.
103. Robertson to Salisbury, 30 April 1879, F017/849; Hennessy to Beach, No. 24, 4 March 1879 (No. 5779 H.K.), C0129/184; Wade to Salisbury, No. 3, Foochow, 13 April 1879, F017/849.
104. These articles provide: '(1) that Chinese vessels trading between the treaty ports and Hongkong must be provided with a special pass, valid for one trip only, to be issued by the Customs authorities at the port from which the vessel cleared for Hongkong; (2) that a British official would be appointed at Hongkong to examine the registers and passes of all Chinese vessels; (3) that any Chinese vessel found without a pass or register would be considered as an unauthorised or smuggling vessel, would not be allowed to trade, and would be reported to the Chinese authorities; (4) that the Customs authorities at each port should render to Canton a monthly return of the passes granted to Chinese vessels proceeding to Hongkong, with details of the cargoes carried, and (5) that these separate port returns should every month be embodied in one return by the Canton authorities and sent to the proper British official in Hongkong, who on his part was to render similar returns to the Chinese authorities at Canton of all Chinese vessels arriving at and departing from Hongkong with details of their cargoes, such returns to be transmitted by the Canton authorities to the Customs officials at the ports concerned.' Wright, Hongkong and The Chinese Customs, p. 4.
105. Wade to Salisbury, No. 3, 13 April 1879, F017/849.
106. Wade to Salisbury, No. 18, 28 May 1879, F017/849.

107. Lowcock to Herbert, London, 20 Aug. 1879 (No. 13390 H.K.), COL29/186.
108. Herbert to Lowcock, Oct. 1879, FO17/849.
109. Hennessy to Beach, No. 122, 26 Dec. 1879, (No. 1988 H.K.), COL29/185.
110. Beach to Hennessy, 7 Nov. 1879, FO18/849.
111. Salisbury to Beach, 18 March 1880, FO17/849.
112. Hennessy to Beach, No. 121, 26 Dec. 1879 (No. 1987 H.K.), COL29/185. The explanation is derived from Herbert's (undersecretary at the Colonial Office) explanation of what Hennessy was contemplating since Hennessy did not clarify what he intended to do.
113. *ibid.*: Draft of despatch to the Foreign Office, 18 March 1880: contained in No. 1987 H.K.
114. Granville to Kimberley, 12 June 1880, COL29/191.
115. *ibid.*.
116. Hennessy to Beach, No. 108, ~~26 Nov. 1879~~ (No. 110 H.K.): Enclosures, correspondence between Hennessy and Wade, and the latter with Prince Kung. COL29/185.
117. Tseng to Granville, 22 July 1882, FO17/911.
In October 1882, J. Russell, Registrar-General and Colonial Secretary of Hong Kong, wrote a memorandum in which he stated that for a number of years, there had been an illegal collection of Chinese duties on opium in the Colony. However, though this was illegal, Russell suggested that no action should be taken since it would be more convenient for traders to pay them in Hong Kong. This is a very interesting piece of evidence in that this was almost identical to the Chinese idea of a consul at Hong Kong, to which the government and merchants had objected violently in 1869. The Governor, Bowen, and both the Colonial and Foreign Offices agreed to Russell's view and the latter even commented that this should not stand in the way of opium negotiations under progress. Marsh to Kimberley, No. 238, 30 Oct. 1882 (No. 21150 H.K.), COL29/203; Derby to Granville, 5 Jan. 1883, Granville to Derby, 15 Jan. 1883, FO17/940; Derby to Granville, 8 June 1883: Enclosure,

- Bowen to Derby No. 35, 21 April 1884, F017/941.
118. Memorandum by J. Pauncefote, 25 Feb. 1882, F017/912.
 119. Kimberley to Granville, 4 Sept. 1882, F017/914.
 120. Granville to Tseng, 11 Oct. 1882, F017/911.
 121. The animosity of the mercantile community to someone who was not completely on their side was shown in the vehement objections raised to Governor Hennessy's speech made at the Social Science Congress in Nottingham in Sept. 1882. In his address, Hennessy made references to opium smuggling activities from Hong Kong, giving statistics and accounts of battles between smugglers and Chinese customs officials. To these remarks, the Hong Kong General Chamber of Commerce wrote memorials both to the Foreign and Colonial Offices refuting Hennessy's 'allegations' as sensational exaggerations. By quoting government sources, it maintained opium smuggling was only confined to hiding small amounts in the luggages and an occasional 'run' of the customs blockade. This attitude is almost in complete contrast with what had been taken earlier, i.e. the blockade was ruining Hong Kong's legitimate junk trade, etc.. Marsh to Kimberley, No. 261, 27 Nov. 1882 (No.199 H.K.), C0129/204.
 122. Derby to Granville, 3 Feb. 1883, F017/940.
 123. Derby to Granville, 7 Jan. 1884, F017/968: Copy of the report.
 124. Bowen to Derby, No. 298, 10 Nov. 1883 (No. 21355 H.K.), C0129/212.
 125. Appended to the report were some tables that showed the amount of opium imported into Hong Kong, detailed returns of duties paid by Chinese opium importers since 1858, résumés of cases of seizures, a copy of the Governor-General's proclamation of 16 Aug. 1882 which ordered revenue officers to be diligent in the pursuance of their duties and to

abide by regulations, and a memorandum by a police officer giving detailed accounts of 'battles' between smugglers and revenue officers.

- 126. Bowen to Derby, No. 298, 10 Nov. 1883, (No. 21355 H.K.) CO129/212.
 - 127. Granville to Parkes, No. 13, 18 Jan. 1884, FO17/947.
 - 128. O'Connor to Granville, No. 232, 19 May 1885, FO17/981.
 - 129. Granville to Derby, 18 Jan. 1884, FO17/968.
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1. Pauncefote to Mallet (Draft), 25 Nov. 1882, F017/914.
Other reasons were given but these had been mentioned in the previous chapter. The other additional reasons was that in lieu of the blockade, agreement to the second proposal might force Britain to introduce bonded warehouses or hulks in Hong Kong under the supervision of the Foreign Inspectorate.
2. India Office to Foreign Office, 17 Jan. 1883, F017/940.
3. Granville to Tseng, 31 Jan. 1883, F017/939.
4. Tseng to Granville, 5 Feb. 1883, F017/939.
5. Granville to Wade, 23 Feb. 1883, F017/919; Granville to Kimberley, 23 Feb., and Kimberley to Granville, 26 Feb. 1883, F017/940.
6. CCSL, chüan 29, 28b-30b, Memorial from Tsungli-yamen, 23 Oct. 1882.
7. CCSL, chüan 31, 1a-4a, Memorial from Tsungli-yamen, 19 Feb. 1883. According to Hart, this was a suggestion made by him although the Tsungli-yamen never acknowledged this fact. Hart insisted that the Tsungli-yamen wanted to resume negotiations because they very much favoured Samuel's scheme; but since both Tseng and the Foreign Office refused to propose it, the Tsungli-yamen had been placed in a dilemma. This was Hart's personal assessment of the situation which was not evidenced in the actual negotiations.
Hart could be prejudiced because he himself was very much in favour of the scheme. (HCP, z/103, 20 Feb., z/113, 3 March 1883.) It could also have been a response from Li's suggestion in early January 1883 that negotiations with Britain over the scheme should be continued at London so that the Foreign Office would have no reason to put forward excuses for delaying negotiations. (LHC, Translations, chüan 13, 52b-53b, 3 Jan. 1883.)
8. Granville to Tseng, 1 March 1883, F017/939.
9. Memorandum by Currie on meeting of 5 March 1883, F017/940.
Macartney in fact had been instructed by Tseng to negotiate on the second and not the first proposal.

10. Memorandum by Tseng, 12 March 1883, F017/939.
11. Memorandum by J. Pauncefote, 15 March 1883, F017/940.
12. Granville to Kimberley, 17 March 1883; Kimberley to Granville, 29 March 1883, F017/940. In a memo. written by Pedder concerning the financial effect to the Chinese government by the imposition of a joint collection of 100 taels, he calculated that it would mean an increase in revenue by 2,813,500 taels or an increase of 52%. Cross to Currie, 29 March 1883, F017/919.
13. Memorandum by J. Pauncefote, 10 April 1883, F017/941.
14. Granville to Grosvenor, No. 63, 21 April 1883, F017/919.
15. Granville to Grosvenor, No. 67, 27 April 1883, F017/919.
16. *ibid.*.
17. Memorandum by Tseng, 27 Sept. 1884, F017/967. No valid reasons were given for wanting an immediate acceptance except that it would allow China to estimate with more certainty the revenue she could derive, and British merchants would be able to know exactly what the imposts on the drug would be especially since the present critical position between China and 'a certain foreign power' (i.e. France) might result in fiscal changes. This could be considered a veiled threat and it was carried out in mid-1885 when a uniform likin of 86 taels was imposed on foreign opium. The Additional Article was signed very quickly after this move.
18. Secretary of State to Viceroy of India, 24 Dec. 1884, Appendix D of 'Royal Commission on Opium etc.' The 'political reason' was the activities of the Anti-opium Society which would cause great embarrassment to the government if not its actual fall.
19. Viceroy to Secretary of State, 3 Jan. 1885: *ibid.*.
20. Kimberley to Granville, 20 Jan. 1885, F017/1001.
21. Secretary of State to Viceroy of India, 22 Feb. 1885, Appendix D of 'Royal Commission etc.'.
22. Before finally succumbing to China's demands, the Foreign Office made a last attempt. It agreed to a likin of 75

taels, but this was turned down and a few days later the Foreign Office finally agreed. CCSL, chüan 52, p. 2a, Tseng's telegram of 23 Jan. 1885; Currie to Granville, 3 Feb. 1885, FO17/1001.

23. Granville to Tseng (Memorandum), 9 Feb. 1885, FO17/1000.
24. Tseng to Granville, 18 March 1885, FO17/1000.
25. This was prompted by the change of government in Britain, with Salisbury succeeding Granville on 24 June. Tseng, on learning of this, telegraphed on 11 June to the Tsungli-yamen asking if he should sign the agreement before the change. The reply was affirmative - by telegram of 14 June - and Tseng duly informed Granville. On 3 June, Tseng had already telegraphed a précis of the agreement to the Tsungli-yamen. TY (2), Tsungli-yamen to Tseng: 17 Feb. 1885 (ts'e 1), 14 June 1885 (ts'e 2); TY (3) Tseng to Tsungli-yamen: 3 June, 11 June and 12 June 1885 (ts'e 1).
26. Salisbury to Tseng, 14 July 1885, FO17/1000.
27. Salisbury to Tseng, 14 July 1885, FO17/1000 (different despatch from that of note 26.). The point raised was based on O'Connor to Granville, No. 197, 28 April 1885, FO17/980.
28. Tseng to Salisbury, 16 July 1885, FO17/1000.
29. Hertslet, No. 14, pp. 83-87; see Annexure A (i).
30. During the final stages of the negotiation, the Tsungli-yamen assumed full responsibility though Li Hung-chang was also consulted, but never Hart. It was also possible that some pressure was put on the Foreign Office by the raising of likin on foreign opium to a uniform 86 taels, 6 taels more than the agreement of 1885.
31. Wade to Granville, No. 71, 22 April 1872, FO17/650.
32. Fraser to Salisbury, No. 100 (Conf.), 11 June 1878, FO17/781.
33. Fraser to Salisbury, No. 110, 27 June 1878, FO17/781.
34. The above paragraphs have little direct relevance to the dissertation, but they have been included in order to give a clearer idea of the 'likin problem' which did become the bargaining point of Germany before she was willing to consent to the Additional Article.

35. O'Connor to Salisbury, No. 15, 9 Sept. 1885, FO17/990.
36. TY (2), Tsungli-yamen to Tseng and Hsü, 5 Sept. and 11 Sept. 1885 (ts'e 3); O'Connor to Salisbury, No. 396 (Conf.), 15 Sept. 1885, FO17/984.
37. The treaties all contained an anti-opium-trade clause. Hertslet, Nos. 68, 31 & 32, and 57 - treaties with the United States, France and Russia, respectively.
38. O'Connor to Salisbury, No. 428, 14 Oct. 1885, FO17/985.
'Shipping interests in Chinese waters' means the amount of trade actually conducted by ships registered with the particular Treaty power. Britain's shipping interest in China was the largest, followed by Germany; while most of the other Treaty powers used the ships of these two nations. Thus, Germany could allow opium merchants to use her ships and this would pronounce the 'death sentence' on the Additional Article. For a comparative list of shipping in China, see IMC's 'Reports on Trade etc.'.
39. O'Connor to Salisbury, No. 465, 23 Nov. 1885, FO17/986; same to same, No. 25, 22 Jan. 1886, FO17/1014.
40. same to same, No. 434, 17 Oct. 1885; same to same, No. 441, 28 Oct. 1885, FO17/985.
41. same to same, No. 428, 14 Oct. 1885, FO17/985.
42. O'Connor to Salisbury, No. 36 (Conf.), 4 Feb. 1886, FO17/1014.
43. CCSL, chüan 62, p. 51a: Tsungli-yamen to Hsü, 23 Jan. 1886; Salisbury to O'Connor, No. 30A (Conf.), 28 Jan. 1886; and Rosebury to O'Connor, No. 42, 11 Feb. 1886, FO17/1012.
44. CCSL, chüan 60, Hsü to Yamen, 20 Sept. 1885, p. 32a; chüan 61, p. 1b, Hsü to Yamen, 10 Oct. 1885.
45. Hsü to Bismarck, 10 Nov. 1885, FO17/1000. Hsü pointed out that Germany had never been engaged in the opium trade and therefore should not prevent China from 'promoting the humane object of the agreement', especially since Britain had acceded to China's moral considerations.
46. Rosebury to O'Connor, No. 42, 11 Feb. 1886, FO17/1012; Tseng to Rosebury, 24 Feb. 1886, FO17/1034.

47. Rosebery to Tseng, 5 March 1886, F017/1034; Kimberley to Rosebery, 19 Feb. 1886, F017/1035; Granville to Rosebury, 4 March 1886, F017/1035.
48. O'Connor to Rosebery, No. 132, 20 April 1886, F017/1016.
49. Kimberley to Rosebery, 20 March 1886, F017/1035.
50. Granville to Rosebery, 20 March 1886, F017/1035.
51. Rosebery to Tseng, 23 March 1886, F017/1034.
52. Tseng to Rosebery, 25 March 1886, F017/1034.
53. Salisbury to O'Connor, No. 295, 20 Nov. 1885, F017/976.
54. O'Connor to Salisbury, No. 428, 14 Oct. 1885, F017/985; CCSL, chüan 60, p. 32a, Hsü to Tsungli-yamen, 20 Sept. 1885.
55. The arguments put forward by Tseng could be considered as a clever twist of facts, similar to what the Tsungli-yamen had done to Kung's acceptance of the 70 plus 30 taels joint collection in 1882.
56. A more definite date might be 1870 when the Alcock Convention was rejected by the British government. The argument for this date is that although the taxation of opium, apart from the Tariff duty, had created problems almost immediately after the drug's legalization, and no official action or remedy was taken by either government until the problems were introduced into the Alcock Convention.
57. Hart to Pauncefote, 31 Oct. 1885, F017/1003; HCP, z/241, 20 Nov. 1885. This was the only plan that was suggested. However, in a copy of this memorandum which appeared in the CCS, possible modifications or alternatives were also suggested. These included: 1) the opium hulks could be the property of the Hong Kong government if it so wished; 2) the opium revenue could be collected for China by Britain in India; and 3) China could devise her own means of securing collection which might cause friction with the Hong Kong, if not British, authorities. CCS, vol. 1, Enclosure No. 1 in Circular No. 418 of 1888 (Second Series) entitled: 'Opium: simultaneous collection of Duty and Likin; co-operation of Hongkong and Macao Governments; review of

- negotiations and arrangements to date.' Peking, 16 May 1888.
58. Memorandum by members of the Foreign Office, in Minutes following Hart to Pauncefoot, see note 57.
 59. Rosebery to O'Connor, No. 47, 18 Feb. 1886, FO17/1012.
 60. CCSL, chüan 63, pp. 5a-5b, Tseng to Tsungli-yamen, 8 Feb. 1886; TY (2), Tsungli-yamen to Tseng, 7 Feb. 1886 (ts'e 4).
 61. Tsungli-yamen to Minister, 15 Feb. 1886, FO230/117.
 62. TY (2), Tsungli-yamen to Tseng, 20 Feb. and 9 March 1886 (ts'e 4). From this it can be gathered that although Hart had submitted his plan to the Tsungli-yamen, he did not inform them that the Br. government had known of it beforehand, and in fact, had rejected it. During the meeting of the commission, Hart was to raise it again. It is quite impossible to explain his motive, except perhaps that he really believed it was the best and the most appropriate plan.
 63. Tseng to Rosebery, 15 March 1886, FO17/1034.
 64. O'Connor to Rosebery, No. 70, 28 Feb. 1886, FO17/1015.
 65. O'Connor to Rosebery, No. 132, 20 April 1886, FO17/1016;
 66. Marsh to Granville (Conf.), 5 May 1886 (No. 10546 H.K.), CO129/226; CCSL, chüan 63, pp. 28a-28b, Tsungli-yamen's memorial; HCP, z/263, 25 April 1886.
 67. z/267, z/268 (HCP), 15 May and 11 July 1886.
 68. Rosebery to Tseng, 11 March 1886, FO17/1034.
 69. Rosebery to O'Connor, No. 68, 6 March 1886, FO17/1012.
 70. Iddesleigh to O'Connor, No. 236, 18 Aug. 1886, FO17/1013; Stanley to Salisbury, 11 Nov. 1885: Enclosure, Russell's letter of 5 Nov. 1885, FO17/1004.
 71. Marsh to Granville (Conf.), 17 May 1886 (No. 11246 H.K.). CO129/226.
 72. Granville to Rosebery, 1 July 1886, FO17/1037.
 73. Walsham upon receiving the query thought that something must have happened since the Colonial government had not raised the objection before when they were informed of Hart's appointment on 12 May. In fact, nothing occurred, and the query could well be a result of an attack of 'nerves' when no instructions were received from London. Marsh

explained later that Hart's appointment as joint commissioner was even more than what Wade would have contemplated in 1876 when he drew up the article. Stanhope to Iddlesleigh, 6 July 1886, FO17/1038.

74. *ibid.*.

75. Shao left rather abruptly on 1 August because he said that there was no point in his staying since Hart could negotiate everything, and there was no need to draw up a joint report since the Imperial government had agreed to the proposal. This led to the belief among British negotiators that Shao had left because he was unwilling to see the agreement carried out, as had been observed by Consul Alabaster at Shanghai, and by Russell during the meetings. In point of fact, he was recalled by an Imperial edict as a result of a suggestion by Li Hung-chang, and subsequently promoted to Chief Justice of Honan. Whether Shao was for or against the agreement, in the sense that the Foreign Inspectorate would be left in charge of all customs collections, cannot be conclusively established. Nevertheless, this can be considered as an indication of the sensitivity to the Foreign Inspectorate's new responsibilities.

Marsh to Stanhope (tele.), 16 Sept. 1886 (No. 16704 H.K.), CO129/228; Walsham to Rosebery, No. 205, 17 June 1886:

Enclosure, Alabaster to Walsham, 12 June 1886, FO17/1017; CCSL, chüan 67, pp. 27b-28a, Li to Tsungli-yamen, 18 Aug..

76. HCP, z/268, 11 July 1886, Hong Kong.

77. Walsham to Iddesleigh, No. 256 (Conf.), 12 Aug. 1886, FO17/1019: Transmits summary of first five sittings of the Commission.

78. See Chapter 5, pp. 13-14. Hart at that time had approved the proposal, and both the Colonial Office and the Hong Kong government had expressed some interest though the matter was never pursued further than on paper.

79. This was because Russell's proposal would entail a large degree of preventive work done by the Hong Kong government, and China would be dependent on its 'whims'. CCS, Circular no. 418 of 1888, 16 May 1888. (Vol. 1, pp. 547-87.)

80. The Straits Government received about \$1.8 million annually from its opium farm because the monopoly of sale of broken chests was in the hands of the farmers and there was no fear of others buying in small quantities from the importer, then preparing and selling it. In Hong Kong this was exactly what had been happening and the Hong Kong opium farmer estimated that the amount thus prepared came to more than half of what they sold. As a result, the Straits farmer could sell for \$2.20 what the Hong Kong farmer was obliged to sell for 83¢. By giving the Hong Kong farmer the same monopoly, revenue for the government would be greatly increased. Granville to Rosebery, 18 Aug. 1886, FO17/1038.
81. CCSL, chüan 67, telegrams of 7 July, 9 July, 10 July and 10 July: pp. 20a, 20b-21a, 22b-23a and 23a; LHC, Telegrams, 9 July, 10 July and 11 July: pp. 26a, 26a-26b and 26b-27b, chüan 7.
82. TY (2), Tsungli-yamen to Shao, 11 July 1886 (ts'e 4).
83. That both Russell and Hart insisted on this could well mean that they wanted some documentary proof that could be used in the future if there was a need to re-examine the discussions of the Commission, say, if and when this scheme failed or ceased to work.
84. CCSL, chüan 67, pp. 45a-45b, Li to Yamen, 27 July 1886.
85. CCSL, chüan 68, pp. 14b-15a, Hart to Yamen, 23 & 25 Aug. 1886.
86. CCSL, *ibid.*: Chang Chih-tung to Yamen, 7 Sept. 1886, p. 24b.; TY (2)(ts'e 4): Yamen to Li (28 July), to Hart (11 Aug.), to Hart (23 Aug.), to Chang (27 Aug.), to Chang (29 Aug.), to Hart (3 Sept.), to Hart (7 Sept.) - all 1886.
87. HCP, z/273 - 30 Aug., z/273 - 12 Sept. 1886.
88. HCP, z/275 - 8 Nov. 1886.
89. Walsham to Iddesleigh, No. 288 (Conf.), 11 Oct. 1886: Transmits account of meetings by Russell, FO17/1019.
90. *ibid.*: Enclosure No. 1; also see Hong Kong Government Gazette, 26 March 1887, pp. 297-8.
91. Marsh to Stanhope (Conf.), 15 Sept. 1886 (No. 18704 H.K.),

- CO129/228; Hong Kong Government Gazette, VOL. XXXIII, Government Notification No. 98, 19 March 1887.
92. Marsh to Stanhope (Conf.), 10 Oct. 1886 (No. 20629 H.K.), CO129/228; also see Annexure H (i): expenditure almost always surpassed revenue.
 93. Stanhope to Iddesleigh, 4 Dec. 1886, FO17/1039.
 94. Iddesleigh to Cross, 9 Dec. 1886, FO17/1039.
 95. Negotiations that led to the signing of the Protocol of Lisbon on 26 March 1887 are contained in CCS, Vol. 7, pp. 133-54. It is a record of telegrams between Hart and Campbell from 1 Nov. 1886 to 1 April 1887. References will be made to the important telegrams and also from HCP, Foreign and Colonial Offices correspondence, and Chinese sources: but these are used only as supplementary information. (note: H is Hart, C is Campbell)
 96. C to H (982), 5 Dec. 1886.
 97. 'Status' meant that China would acknowledge the fact that there was a Portuguese government on Macao soil, and that this government had been there for centuries. In view of this fact, short of recognition of Macao as a Portuguese Colony, China was prepared to accept the 'status quo' of the peninsula. A 'good status' implied that China was agreeable to the cession of Macao to Portugal and relinquish her rights to the peninsula if this was asked. H to C, 10 Dec. 1886, (991).
 98. C to H (980), 20 Dec. 1886.
 99. HCP, z/241 - 20 Nov. 1885; z/280 - 14 Dec. 1886.
 100. HCP, z/281 - 22 Dec. 1886.
 101. H to C (990), 21 Dec. 1886.
 102. H to C (986), 13 Jan. 1887. At this time, the British government became interested in the negotiations and its outcome, and instructed its minister at Lisbon to report on all new developments. Salisbury to Cross, 15 Jan. 1887, to Holland 15 Jan. 1887, and Holland to Salisbury, 15 Jan. 1887. All in FO17/1053.
 103. C to H (965), 19 Jan. 1887.

104. Portuguese Minister to Salisbury, 27 Jan. 1887, FO17/1053.
105. Salisbury to Holland, 1 Feb. 1887, No. 2005 H.K., CO129/235
106. CCSL, chüan 70, Yamen to Chang, 1 March 1887, pp. 15a-15b.
107. H to C (979), 12 Feb. 1887.
108. C to H (948), 18 Feb. 1887.
109. H to C (976), 18 Feb. 1887.
110. H to C (977), 19 Feb. 1887.
111. H to C (972), 1 March, 1887.
112. C to H (930), 4 March 1887; C to H (928), 5 March 1887;
Walsham to Salisbury, No. 17, 7 March 1887, FO17/1041.
113. H to C (969), 20 March 1887; H to C (968), 20 March 1887;
Walsham to Salisbury, 21 March 1887 (No. 5619 H.K.),
CO129/235.
114. C to H (912), 26 March 1887. To Hart, the term 'protocol'
meant simply a memorandum of 'understanding respecting
certain basis', whereas to the Minister, it was nearly
equivalent to a treaty.
Hertzlet, No. 44, p. 273.
115. C to H (908), 31 March 1887; No. 6228 H.K., 1 April, CO129/
116. H to C (960), 31 March 1887; 235.
No. 7131 H.K., 14 April 1887.
117. CCS, Vol. 1, pp. 581-87.
118. Maurice de Bunsen to Salisbury, No. 82 of 3 Sept. 1887,
CO129/235.
119. HCP, z/301 - 17 July 1887; z/303 - 31 July 1887; z/304 -
7 Aug. 1887.
120. *ibid.*: z/303 and z/304.
121. HCP, z/304: *ibid.*.
122. HCP, z/299, 3 July 1887; TY (2), all of ts'e 5 and 6
(Tsungli-yamen to Chief Superintendents of Trade, Governor
and Governor-General of Liang-kwang, and the Hoppo: more
details in pp. 38 - 42 of this chapter.)
123. Hertzlet, pp. 274-88, No. 45.
124. *ibid.*: pp. 288-89, No. 46; pp. 290-91, No. 47.
125. *ibid.*: p. 274 of No. 45
126. CCSL, chüan 69, Tsungli-yamen to all provincial leaders,
16 Jan. 1887, pp. 36a-36b.

127. TY (2), Tsungli-yamen to Chief Superintendents of Trade, 4 Jan. 1887; to Governor-General of Liang-kwang, 15 Jan. 1887 (ts'e 5).

This was because negotiations with Portugal over Macao's co-operation in the Hong Kong scheme had not been concluded, and Hong Kong would not put its scheme into practice.

128. *ibid.*: Yamen to Hsü, 24 Jan. 1887 (ts'e 5); Yamen to Minister, No. 2, 15 Jan. 1887, F0230/118.
129. Walsham to Salisbury, No. 7, 16 Jan. 1887, F017/1041.
130. Colonial Office to Foreign Office, 15 Jan. 1887, F017/1053.
131. Foreign Office to India Office, 15 Jan. 1887, F017/1053.
132. India Office to Foreign Office, R.S. and C. No. 96, 1 Feb. 1887, F017/1053.
133. Salisbury to Walsham, 3 Feb. 1887, F017/1040.
134. Walsham to Salisbury, No. 9 (Conf.), 8 Feb. 1887, F017/1041.
135. Salisbury to Walsham (tele.), No. 5, 26 Feb. 1887, F017/1044.
136. CCS, Vol. 1, Circular No. 352, pp. 512-4.
137. CCS, Vol. 1, Circular No. 356, pp. 515-21.
138. CCS, Vol. 1, Circular No. 358, pp. 521-27.
139. CCSL, chüan 71, p. 2a, Shanghai Taotai to Yamen, 15 May 1887.
140. CCSL, chüan 70, p. 17a, Yamen to Chang, 15 May 1887.
141. CCS, Vol. 6, Hart to Morgan, No. 2/Kowloon, 4 March 1887, pp. 549-60. The ships included two steamers, three steam launches, six chartered guard-boats and six small steamers.
142. CCS, Vol. 6, Hart to Morgan, No. 4/Kowloon, 8 March 1887, pp. 560-62.
- That the Foreign Inspectorate would take over the collection of Chinese duties and dues on general merchandise was because of Hong Kong's insistence - made by Russell before the Colony would co-operate in the scheme he himself introduced. This was one of the two conditions imposed on China - the other was Macao's agreement.
143. Colonial Office to Foreign Office, 9 July 1887: Enclosure, Cameron to Holland, No. 204 H.K., 2 June 1887, F017/1055.

144. CCSL, chüan 70, pp. 1b-2a, Li to Yamen, 24 Jan. 1887.
The reason why other provincial governments did not object strongly (i.e. in manifested forms) could be due to the fact that it only affected opium; whereas for the government of Liang-kwang, the Foreign Inspectorate took over control of all native customs.
145. TY (2), for Board of Revenue to Kiukiang customs, Kiangsu and Chekiang haikuan and Kiangsi Governor - 10 June, 10 June and 15 June 1887 respectively (ts'e 5). Acknowledgments and information were received.
147. TY (2), Yamen to Chang Chih-tung, 25 Feb.; to Hoppo, 28 Feb. 1887 (ts'e 5).
146. HCP, z/282, 5 March 1887; IMC for 1887, transfer effected with complications in reports from Tientsin, Hankow, Kiukiang, Wuhu, Chinkiang, Shanghai, Ningpo, Wenchow, Foochow, Tamsui, Takow, Amoy, Swatow, Canton, Kiungchow, Pakhoi. Some reports mentioned that joint collection was very much appreciated because there was now no differentiation in rates: Ningpo, Wenchow, Foochow and Tamsui..
148. CCSL, chüan 70, pp. 13a-13b, Chang to Yamen, 28 Feb. 1887.
149. LHC, Telegrams, chüan 8, 10b, Translation Bureau to Chang, 1 March 1887; TY (2), Yamen to Chang, 3 March 1887, (ts'e 5).
150. CCSL, chüan 70, three memorials by Chang Chih-tung, received 26 March 1887, pp. 22b-26a.
151. TY (2), Yamen to Governor-General of Liang-kwang, Governor of Kwangtung and Hoppo, 29 March 1887 (ts'e 5); TW, pp. 2241-2, Telegram to Chang etc., 29 March 1887.
152. LHC, Telegrams, chüan 8, Translation Bureau to Chang etc., 30 March 1887, pp. 12a-13a.
153. CCSL, chüan 70, p. 26a, Chang to Yamen, 29 March 1887.
154. LHC, Telegrams, chüan 8, p. 13b, tele. from Chang, 31 March
155. TY (2), Yamen to Hoppo, 31 May 1887 (ts'e 5).
156. *ibid.*: Yamen to Hoppo, 23 June 1887.
157. *ibid.*: Yamen to Foochow Generals, to Chief Superintendents, to Governor-General of Liang-kwang and to Hoppo on 15 Jan., 28 Jan., 15 Jan. and 25 Feb. 1887 respectively.

158. TY (2), for Board of Revenue to Chang, 23 June 1887 (ts'e 5); for Board of Revenue to Chang, 12 Sept. 1887 (ts'e 6).
159. CCSL, chüan 72, Yamen to Chang, and Chang to Yamen: 5, 7 and 9 Aug. 1887, pp. 3a-5b; TW, p. 2282, Memorial from Chang, June-Aug. 1887; LHC, Translations, chüan 8, pp. 23b-27b, 7 telegrams from Chang dated from 8 July to 18 July 1887.
160. CCSL, chüan 72, pp. 18b-25b, Chang to Yamen, 10 Sept. 1887; pp. 27b-28b, Yamen to Chang, 12 Sept. 1887.
161. TY (2), Yamen to Chang, 23 Nov. 1887, (ts'e 6).
162. Despite such disobedience, Chang Chih-tung was still a powerful official to retain the governor-generalship of Liang-kwang until August 1889 when he was transferred to the Governor-Generalship of Hu-kuang. Both Chang and Wu continued to press for the non-alienation of Macao until it was ceded in 1888 (date when Sino-Portuguese treaty was ratified.) CCSL, chüan 73, Chang's memorial, 15 Oct. 1887, pp. 6a-14b; Wu's memorial, same date, pp. 15a-18b.
163. CCSL, chüan 70, Yamen to Tseng Kuo-ch'uen, 6 and 8 April, 1887, pp. 27a-27b; Yamen to Chang Chih-tung, 9 April 1887, pp. 27b-28a; TY (2), Yamen to Chief Superintendents, 12 April, 1887 (ts'e 5).
164. Walsham to Salisbury, No. 36, 28 May 1887, FO17/1042. Official (Government) members always outnumber Unofficial members (nominated by the Crown on the advice of the Governor and the Colonial Office) in both the Legislative and Executive Councils. Thus, in case of dissent, the government would always win by a majority vote, since the Official members had to vote for the government (by law).
165. See Annexure A (ii).
166. Walsham to Salisbury, No. 37, 29 May 1887: Enclosure No. 3, Marsh to Walsham, 5 April 1887, FO17/1042; also see Hong Kong Government Gazette, Vol. XXXIII, No. 14, 2 April 1887, pp. 318-319, CO130.
167. *ibid.*: Enclosure No. 4, Extract from 'The Daily Press' of 19 March 1887 on Legislative Council meeting of 18 March.

168. *ibid.*: Enclosure No. 3, scheme submitted by C.P. Chater dated 4 April 1887.
169. *ibid.*: Enclosure No. 2 - see note 166.
170. CCS, Vol. 6, Morgan to Hart, Inspector General No. 5, 7 April 1887, pp. 562-56.
171. *ibid.*: Morgan to Hart, IG No. 12, 22 April 1887, pp. 567-8.
172. *ibid.*.
173. Cameron to Holland (tele.) 9 May 1887, No. 8983 H.K., Col29/232.
174. HCP, z/287, 17 April 1887.
175. Walsham to Salisbury (tele.), No. 14, 28 May 1887, FO17/1044; Cameron to Holland (tele.), 28 May 1887, No. 10219 H.K., Col29/232. The Ordinance is in Hong Kong Government Gazette, Vol. XXXIII, No. 24, 28 May 1887, pp. 600-05, and Chinese in pp. 636-39. (Col30)
176. *ibid.*: Hong Kong Government Gazette, No. 231 of 31 May 1887, pp. 617-78; Chinese in pp. 639-40.
By this, the smuggling of prepared opium into China could be prevented although this was not explicitly stated.
177. Walsham to Salisbury, No. 85, 18 July 1887, FO17/1040; Salisbury to Holland, 18 July 1887, FO17/1055.
178. HCP, z/293, 29 May 1887.
179. HCP, z/288, 24 April 1887.
180. Allen to Salisbury, No. 3, Amoy, 29 Jan. 1887, FO17/1049.
181. IMC for 1887, Report for China by E. McKean, pp. 1-2.
182. See note 138.
183. *ibid.*: Keswick to Currie, 2 Feb. 1887.
184. Sassoon to Salisbury, 7 Feb. 1887, FO17/1053.
185. Cutting from 'Chinese Times' of 12 March 1887, FO17/1053.
186. Walsham to Salisbury, No. 8, 3 Feb. 1887, FO17/1041; same to same, No. 11, 21 Feb. 1887, FO17/1041.
187. Salisbury to Keswick, 5 Feb.; same to Keswick & Sassoon, 23 Feb. 1887, FO17/1053.
188. Holland to Salisbury, 3 June 1887, FO17/1055.
189. CCS, Vol. 6, pp. 580-82, Hart to Hobson, No. 1370/Kowloon, 29 March 1894.

1. See note 146 of Chapter 8. In 1889 the Ningpo authorities had a private arrangement with an opium guild which monopolised the sale of opium in that port. However, this only affected the consumption of the drug there and did not in any way interfere with the working of joint collection by the Foreign Inspectorate. IMC for 1889, Rocher's report for Ningpo.
2. IMC for 1887, Brazier's report for Wenchow.
3. CCR for 1883, Sinclair's report for Foochow, and Oxenham's report for Chinkiang. The likin rates at these two ports are taken only as examples.
4. CCR for 1881, Hughes' report for Shanghai. This rate is again taken only as an example.
5. The figure of 1.6 million taels is the average for the years 1863 to 1869, derived from IMC annual trade returns. Also see Annexure E (ii).
6. See Hsiao, Rural China: Imperial Control in the Nineteenth Century; Ch'ien, The Government and Politics of China; and Hsieh, The Government of China.
7. CCS, Vol. 1, Circular No. 418 of 1888, paragraph 7 (pp. 547-87 - for the entire Circular). Hong Kong's co-operation continued for many years. In 1890 Hart noted this fact although he was always aware that the Colonial government might terminate its co-operation at any moment, and the commissioners at Kowloon were instructed to keep a watchful eye and to be prepared with alternative measures once this co-operation ceases. (CCS, Vol. 6, pp. 576-80, Hart to McLeavy Brown, No. 721/Kowloon, 3 April 1890.) By 1894, this co-operation was still in existence. (CCS, Vol. 6, pp. 580-82, Hart to Hobson, No. 1370/Kowloon, 29 March 1894; and p. 583, Hobson to Hart, No. 2608, 21 Aug. 1894.) It continued until 1898 when the 'scramble for concessions' saw the inclusion of the New Territories into the colony. Smuggling increased tremendously because instead of the 20 mile coastline that the Foreign Inspectorate used to guard, it was extended to 80 miles, making it almost impossible for the preventive service to do its duty

satisfactorily. Nevertheless, the Ordinance of 1887 continued until Oct. 1911 when the Foreign Inspectorate was allowed to establish its collectorate on British Kowloon - for the first time. This led to a new system of collection and terminated the co-operation called for by the Ordinance of 1887. (Wright, Hongkong and the Chinese Customs, pp. 14-15, 48-53 - Appendix H: 1911 Draft of the Anglo-Chinese Agreement of Hongkong.)

8. Yü, Chung-kuo chin-yen etc., p. 103.
9. IMC for 1891, Hobson's report for Chungking, Ludlow's report for Ichang, Hughes' report for Amoy.
10. Yü, op.cit., pp. 124-220. From reports from the People's Republic of China, after 1949, poppy cultivation had been successfully prohibited, and opium smoking as well as the 'opium trade' had also been effectively stopped.
11. Another reason could possibly be due to her involvement in European affairs during this period, especially with the Ottoman Empire. The Foreign Office thereby gave less attention to affairs in China (especially the Opium Question) than it would have otherwise. Another factor was that the Foreign Office was basically negotiating on behalf of the Indian government and the Colonial government and it itself did not have any vested interests in the Opium Question, since this was considered as totally independent of the foreign trade with China.
12. The conflict really affected only the province of Kwangtung, and the city of Canton. However, because the province was tied up with Kwangsi administratively until the governor-generalship of Liang-kwang, we have used Liang-kwang instead.
13. During this period, there were, of course, many other issues. The differences in opinion and policy adopted towards the 'Ili Crisis' with Li Hung-chang advocating the strengthening of maritime defences and ignoring the 'crisis' and Tso Tsung-t'ang fighting for the supremacy of China's land forces, would be a case in point.
14. Tseng Kuo-fan was also a power to be reckoned with, and when he was alive, both Li and Tso did not have much say.

However, after his death in 1872, it became a struggle between the two, his former lieutenants. Chang Chih-tung and Liu K'un-i were also officials of importance, but they never achieved the status of either Li or Tso; and after the latter's death in 1885, they were more under the wings of the former than in opposition to him. The same also can be applied to minor officials such as Tseng Chi-tse and Shao Yu-lien. Li's power and influence lay partly in his control over the most powerful regional army (incorporated in name into the national army) and the only navy in China, and partly in his official position as Governor-General of Chihli (and at the same time the Chief Superintendent of Trade for the Northern Ports and Grand Councillor), the capital province. The latter post had always been the one as having the maximum influence on the Imperial government and in policy-making. He was the only one to hold that post three times and for a period of about 25 years stretching from Aug. 1870 to his death in 1901. (See Annexure B) He was never a member of the Tsungli-yamen but his close connections with it likewise enhanced his influence and power.

15. Taxation in Britain and India had reached a hilt and it was almost impossible to raise the additional revenue called for by the termination of the opium trade. It was possibly one of the reasons why the Anti-opium Society's motions in parliament were voted down. See Annexures I (i), I (ii) and I (iii) for details of Indian revenue and expenditure and the Indian contribution to Britain.
- (16. In 1906, the election of 250 members of parliament committed to the cause of the Anti-opium Society was followed by the appointment of John Morley and John Ellis to the India Office as Secretary and Undersecretary of State. Both were sympathisers to the Society. In May, a motion was introduced in parliament calling for a speedy end to the opium trade in India. Morley agreed on behalf of the government that measures to that effect would be implemented. From) ~~← delete all that in brackets.~~

16. Agreement with China in 1907 stipulated that since the import of Indian opium averaged 51,000 chests a year, the Indian government would reduce its annual export by 5,100 chests for 3 years, at the end of which, if the Chinese government could prove its prohibition of poppy cultivation was effective, the amount would continue to be reduced until the destruction of the Indian opium trade to China was accomplished. This agreement was renewed in May 1911 with some minor alterations, which would mean that, at the latest, no Indian opium would be imported into China by 1917. The final 'touch' happened on 25 Jan. 1919 when the symbolic 'last' chest was destroyed at Shanghai. Owen, British Opium Policy etc., pp. 334-5, 337-43 and 351-52; Lim, Britain and the termination of the India-China opium trade, 1905-1913.
17. In the eighties, the Indian government was also worried about the competition from both Persian and Turkish opium, much more so the former. This was because the import of these varieties had increased. However, the concern was, 'exaggerated' and the government, if it so desired, could stopped such imports at India because they were imported via Bombay. See Annexure F (i) for break-down of opium imports into China.
18. The services they rendered to their government and to China were never recognized during their days. Alcock, almost immediately after the non-ratification became a businessman holding a directorship of a company in Borneo; Wade became a scholar though he did not completely divorce himself from Chinese affairs; and Robertson died shortly after he was transferred to the Shanghai consulate.
19. The difficulty in assessing to any accurate degree the motivations of Chinese officials lay partly in the fact that what they write, whether memorials or private correspondence, seldom expressed what they really think. Written Chinese, especially 'official Chinese', can be so vague that any number of interpretations are possible.

Assessment has been made, thereby, by looking 'between the lines' of what they had written, and by deducing conclusions from their policies and actions, their reactions to those of others, and comments made on them by colleagues and friends. Such assessments are, of course, unsatisfactory, but they do give some references to what was happening.

20. Clarendon to Alcock, 30 Dec. 1868, FO17/495; and same to same, 13 Jan. 1869, FO17/516; also see Morse, International Relations of the Chinese Empire, Vol. 2, p. 197; Wright, Last Stand of Chinese Conservatism etc., pp. 21-22; and Hsi, Modern China, p. 324.

The years between 1887 and 1895 saw the continuation of the operation of the Additional Article and the Hong Kong Ordinance of 1887, as well as the continued growth of native opium. Thus, although our period ended in 1887, it could well have continued until the beginning of the 'scramble' period. The date decided on to terminate the present dissertation is because the years after 1887 were simply continuation of the decisions reached between Britain and China between 1885 and 1887. Moreover, the period between 1860 and 1887, with regard to the Opium Question, was an era in itself in that it was isolated from all other happenings and issues during the period.

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ANNEXURE A (i)

TEXT of ADDITIONAL ARTICLE TO THE AGREEMENT BETWEEN GREAT AND CHINA SIGNED AT CHEFOO ON THE 13th SEPTEMBER, 1876.
SIGNED AT LONDON, 18th JULY, 1885.

Area within which Likin ought to be Collected on Foreign Goods.

The Governments of Great Britain and of China, considering that the arrangements proposed in Clauses 1 and 2 of Section III of the Agreement between Great Britain and China, signed at Chefoo on the 13th September, 1876 (hereinafter referred to as the "Chefoo Agreement"), in relation to the area within which likin ought not to be collected on foreign goods at the open ports, and to the definition of the foreign Settlement area, require further consideration;

Traffic in Opium.

Also that the terms of Clause 3 of the same section are not sufficiently explicit to serve as an efficient regulation for the traffic in Opium, and recognizing the desirability of placing restrictions on the consumption of Opium, have agreed to the present Additional article.

1. As regards the arrangements above referred to and proposed in Clauses 1 and 2 of Section III of the Chefoo Agreement, it is agreed that they shall be reserved for further consideration between the two governments.

Treatment of Foreign Opium on its Importation into China.

Import and Likin Duties.

2. In lieu of the arrangements respecting Opium proposed in Clause 3 of Section III of the Chefoo Agreement, it is agreed that foreign Opium, when imported into China, shall be taken cognizance of by the Imperial Maritime Customs, and shall be deposited in bond, either in warehouses or receiving-hulks which had been approved of by the Customs, and that it shall not be moved thence until there shall have been paid to the Customs the Tariff duty of 30 taels per chest of 100 catties, and also a sum not exceeding 80 taels per like chest as likin.

Repacking in Bond.

3. It is agreed that the aforesaid import and likin duties having been paid, the owner shall be allowed to have the Opium repacked in bond under the supervision of the Customs, and put into packages of such assorted sizes as he may select from such sizes as shall have been agreed upon by the Customs authorities and British Consul at the port of entry.

Transit Certificate.

The Customs shall then, if required, issue gratuitously to the owner a transit certificate for each such package, or one for any number of packages, at the option of the owner.

No Transport Duty to be Levied.

Such certificate shall free the Opium to which it applies from the imposition of any further tax on duty whilst in transport in the interior, provided that the packages has not been opened, and that the Customs' seals, marks, and numbers on the packages have not been effaced or tampered with.

Certificates only Valid in Chinese Hands.

Such certificate shall have validity only in the hands of Chinese subjects, and shall not entitle foreigners to convey or accompany any Opium in which they may be interested into the interior.

Regulations respecting Issue of Transit Certificates.

4. It is agreed that the Regulations under which the said certificates are to be issued shall be the same for all the ports, and that the form shall be as follows:-

"Opium Transit Certificate.

"This is to certify that Tariff and li-kin duties at the rate of -- taels per chest of 100 catties have been paid on the Opium marked and numbered as under; and that, in conformity with the Additional Article signed at London the 18th July, 1885, and appended to the Agreement between China and Great Britain signed at Chefoo the 13th September, 1876, and approved by the Imperial Decree printed on the back hereof, the production of this certificate will exempt the Opium to which it refers, wherever it may be found, from the imposition of any further tax or duty whatever, provided that the packages are unbroken, and the Customs' seals, marks, and numbers have not been effaced or tampered with

"Mark

No.

X

-

00 packages.

"Port of Entry,

"Date

"Signature of Commissioner of Customs."

Respecting Taxation of Opium on opening of the Packages at place of Consumption.

5. The Chinese Government undertakes that when the packages shall have been opened at the place of consumption the Opium shall not be subjected to any tax or contribution, direct or indirect, other than or in excess of such tax or contribution as is or may hereafter be levied on native Opium. In the event of such tax or contribution being calculated ad valorem the same rate, value for value, shall be assessed on foreign and native Opium, and in ascertaining for this purpose the value of foreign Opium the amount paid on it for li-kin at the port of entry shall be deducted from its market value.

Additional Article to form part of Chefoo Agreement.

6. It is agreed that the present Additional Article shall be considered as forming part of the Chefoo Agreement, and that

ANNEXURE A (i) (cont'd)

it shall have the same force and validity as if it were inserted therein word for word.

Ratifications.

It shall come into operation six months after its signature, provided that ratifications have then been exchanged, or if they have not, then on the date at which such exchange takes place.

Duration of Additional Article.

7. The arrangement respecting Opium contained in the present Additional Article shall remain binding for four years, after the expiration of which period either Government may at any time give 12 months' notice of its desire to terminate it, and such notice being given, it shall terminate accordingly.

Right to Great Britain to terminate Additional Article in event of Certificate not exempting Opium from Taxation.

It is, however, agreed that the Government of Great Britain shall have the right to terminate the same at any time, should the transit certificate be found not to confer on the Opium complete exemption from all taxation whatsoever whilst being carried from the port of entry to the place of consumption in the interior. Treaty of 26th June, 1858, to Revive in event of Termination of present Additional Article. In the event of the termination of the present Additional Article the arrangement with regard to Opium now in force under the Regulations attached to the Treaty of Tien-tsin shall revive.

Additional Article may be modified.

8. The High Contracting Parties may, by common consent, adopt any modifications of the provisions of the present Additional Article which experience may show to be desirable.

Smuggling from China from HongKong.

9. It is understood that the Commission provided for in Clause 7 of Section III of the Chefoo Agreement to inquire in the question of the prevention of smuggling into China from HongKong shall be appointed as soon as possible.

Chefoo Agreement and this Additional Article to be Ratified together.

10. The Chefoo Agreement, together with, and as modified by, the present Additional Article, shall be ratified, and the ratifications shall be exchanged at London as soon as possible.

In witness whereof the Undersigned, duly authorized thereto by their respective Governments, have signed the present Additional Article, and have affixed thereto their seals.

Done at London, in quadruplicate (two in English and two in Chinese), this 18th day of July 1885, being the 7th day of the 6th moon of the 11th year of the reign of Kwang-Su.

(L.S.) SALISBURY
(L.S.) TSENG

LS

W. G. CAMERON.

No. 22 OF 1887.

An Ordinance enacted by the Governor of Hongkong, with the advice of the Legislative Council thereof, for the better regulating of the trade in Opium.

[27th May, 1887.]

WHEREAS it is expedient to regulate and control the movement of Raw Opium within the Colony and the waters thereof: Be it enacted by the Governor of Hongkong, with the advice of the Legislative Council thereof, as follows:—

1. This Ordinance and the Opium Ordinance of 1884, hereinafter called the principal Ordinance, shall be construed together as one Ordinance to be called *The Opium Ordinances 1884 and 1887*.

Construction.

2. *Opium* in this Ordinance means raw, crude, or unprepared Opium.

Interpretation.

Chest of Opium means the package, with the opium therein, such as is usually imported by merchants in the Colony.

Ship in this Ordinance and in the principal Ordinance shall be construed so as to include any steam-vessel, junk, boat, sampau, or any kind of craft used for conveyance of persons or things by water.

3. No person shall bring into the Colony or the waters thereof, or receive therein Opium in quantities less than one chest so brought into the Colony or its waters.

Import of Opium less than one chest prohibited.

4. It shall be lawful for the Colonial Treasurer on such terms and conditions as may be approved by the Governor in Council, to grant licences for the sale of Opium intended for export in quantities less than one chest, and no person except the holders of such licences shall be permitted to sell or barter within the Colony or its waters Opium in quantities less than one chest. The purchase, sale, or barter of quantities less than one ball of Bengal Opium or three catties of Malwa, Persian, or Turkish Opium is hereby forbidden.

Sale of Opium in quantities less than one chest.

5. It shall be the duty of holders of licences to attach to all parcels of Opium sold by them in quantities less than one chest, a certificate in the following form:—

Sale certificates granted by licensees.

No.

Date,

188 .

Sold this day to

balls Bengal.

catties Malwa or

to be exported by him to

per ship

This certificate shall not be valid after noon of the

Chop.

6. No person except the Opium Farmer or the licensed retail dealers shall have in his possession or under his custody or control Opium in quantities less than one chest without a certificate of purchase from a Licensee except he can show to the satisfaction of a Magistrate:—

What persons may have Opium in quantities less than one chest.

(a.) That the said Opium is covered by a certificate of one of the Licensees.

(b.) That he has received it under an official export permit. Provided always that it shall be in the absolute discretion of the officer charged with issuing export permits to grant or withhold the same, and that this section shall not apply to samples not exceeding two taels covered by a certificate of the importer.

15. No junk or other Chinese craft, whether licensed or not, shall leave her anchorage, unless the safety of the vessel (through stress of weather) shall render it necessary, between the hours of 6 P.M. and 6 A.M. from October to March inclusive, nor between the hours of 7 P.M. and 5 A.M. from April to September inclusive, under a penalty, on conviction before two Stipendiary Magistrates, not exceeding five hundred dollars, or the forfeiture of junk and cargo.

Chinese craft
only to leave
Colonial
waters
between
certain hours.

Special Permits or Night Clearances hitherto grantable under Ordinance 8 of 1879, section 38, sub-sections 8 and 9 shall be no longer allowed, except in the case of Hongkong specially licensed fishing boats.

16. On the coming into operation of this Ordinance, every person having in his possession, custody, or control any Opium within the Colony or its waters shall furnish to the Superintendent an account of all such Opium, and in case of chests the numbers and marks on such chests, and the Superintendent or his deputy shall be at liberty at any time, and as often as he shall think fit, to demand in writing from every person having any Opium in his possession, custody, or control, an account in writing of the Opium so held at the time of such demand, and in case of chests the marks and numbers, and the said Superintendent or his deputy shall be at liberty at any time, to enter the premises where such Opium is, and to inspect the same, and any person refusing to give such account, or without reasonable cause shewn to permit such entry, or giving a false or incorrect account shall be liable, on conviction, to a penalty not exceeding five hundred dollars, in addition to any other penalty which may be recoverable under the terms and conditions of section 4 of this Ordinance.

Holders to
give account
of stocks.

Superintendent may
require
account of
stocks.

Penalty.

17. If any Opium is found, on search authorised under this Ordinance, to have been imported contrary to the provisions of this Ordinance, or to be missing from the place in which it was stored on importation, or from the place where, according to the permits, it ought to be found stored, the person in whose possession such Opium so imported may be found, or in whose name such Opium so missing shall have been so stored, shall be liable, on conviction, to a penalty not exceeding five hundred dollars for every chest of Opium which shall be found to have been so imported, or to be so missing.

Search for
Deficiencies.

Penalty.

18. If the Opium Farmer shall neglect or refuse, or shall without sufficient cause unreasonably delay to do any of the acts or things hereinbefore provided and required to be done by him, he shall be liable to a penalty for each such offence not exceeding five hundred dollars.

Penalty on
Farmers.

19. Every person who shall under the provisions of this Ordinance make any application, or supply any particulars, Return, or Account, or other written Statement required by this Ordinance to be made or supplied, shall sign the same himself, unless he be absent from the Colony or unable, from sickness, to attend to business, in which case the same may be signed by his Agent for him; and if any such application, particulars, Return, Account, or other Statement shall be false or incorrect, either in whole or in part, to the knowledge of the person so making or supplying the same, whether the same be signed by himself or by his Agent, such person shall, in every case not otherwise provided for by this Ordinance, be liable on conviction to a penalty not exceeding one thousand dollars for the first offence, and two thousand for every subsequent offence: and such Agent shall also and in like manner if offending be liable to penalties of the like amount.

Penalty for
giving false
particulars.

20. Any Justice of the Peace may, by his warrant directed to any Police Officer, not under the rank of a Sergeant, empower him by day or by night to enter and search any dwelling house, shop, or other building or place, or any ship not being a man-of-war or ship having such status, lying or being within the waters of the Colony, in any case in which it shall appear to such Justice of the Peace, upon the oath of any person, that there is good and sufficient cause to believe that in any such dwelling house, shop, or other building or place, or on board any such ship is concealed or deposited any Opium subject to forfeiture under this Ordinance, or as to which an offence has been committed against any of the provisions of this Ordinance, and to take possession of any such Opium found to be concealed, or deposited therein, and of the ship in which the same may

Search
Warrant may
be issued by
Justice of the
Peace.

When satisfied
on oath that
there is good
cause.

Officer may
take possession
of articles
found.

Power to
break open
doors.

May detain
persons.

Sundays.

Excise Officers,
appointment
of

Arrest without
warrant.

Searching
ships.

Su-pending
clause.

be found, and to arrest and take any person, or persons being in such dwelling house, shop, or other building, or place, or on board any such ship, in whose possession, custody, or control any such Opium may be found, or whom the said Officer may have good and sufficient reason to suspect to have concealed or deposited therein or thereabouts any such Opium, and any Officer to whom such warrant shall be directed may, in case of obstruction or resistance, break open any outer or inner doors of such dwelling house, shop, or other building, or place, and enter therein, and forcibly enter such ship, and every part thereof, and remove by force any obstruction to such entry, search, seizure, and removal as aforesaid, and may detain every person found in such place until the said place shall have been searched, and all informations to be laid and all warrants to be issued, and all arrests and seizures to be made under this Ordinance, may be had or done on a Sunday as well as on any other day.

21. Excise Officers duly appointed under the principal Ordinance shall be deemed to be Excise Officers for the purposes of this Ordinance, and shall have the like powers, duties, rights and liabilities with reference to Opium under this Ordinance as they have with reference to prepared Opium under the principal Ordinance.

22. It shall be lawful for any Police or Excise Officer to arrest without warrant any person within the Colony whom he reasonably suspects to be conveying or to have concealed on his person any Opium in contravention of the requirements of this Ordinance and to take him before a Magistrate to be dealt with according to law.

23. It shall be lawful for any Inspector of Police or an Excise Officer, having reasonable ground for believing that there is Opium in any ship within the waters of the Colony in contravention of the provisions of this Ordinance (such ship not being a ship of war or vessel having such status) to proceed without warrant on board such ship, and search for such Opium, and seize any so found, and it shall be lawful for such Inspector to take the Opium so found, together with the person in whose custody, possession or control it is found, before a Magistrate, to be dealt with according to law.

24. This Ordinance shall come into operation on a day to be proclaimed by the Governor.

Passed the Legislative Council of Hongkong, this 27th day of May, 1887.

ARATHOON SETH,
Clerk of Councils.

Assented to by His Excellency the Officer Administering the Government, the 27th day of May, 1887.

FREDERICK STEWART,
Acting Colonial Secretary.

ANNEXURE B: GOVERNOR-GENERALS OF SELECTED PROVINCES, 1860-90.

(with heads of the Tsungli-yamen and ministers to Britain.)

<u>Year</u>	<u>Chihli</u>	<u>Liang-kiang</u>	<u>Liang-kwang</u>
1860	Heng-fu	Tseng Kuo-fan	Lao Tsung-kuang
1861	Wen-yu	"	"
1862	Tsung-hou	"	"
1863	Liu Chang-yu	"	Yen T'uan-shu
1864	"	"	Mao Hung-pin
1865	"	Li Hung-chang	Jui-lin
1866	"	Tseng Kuo-fan	"
1867	"	"	"
1868	Tseng Kuo-fan	Ma Hsin-i	"
1869	"	"	"
1870	Li Hung-chang	Tseng Kuo-fan	"
1871	"	"	"
1872	"	Ho Ching	"
1873	"	Li Tsung-hsi	"
1874	"	Liu K'un-i	"
1875	"	"	"
1876	"	Shen Pao-chen	Liu K'un-i
1877	"	"	"
1878	"	"	"
1879	"	"	"
1880	"	Liu K'un-i	Chang Shu-shen
1881	"	"	"
1882	Chang Shu-shen	P'eng Yu-lin	Tseng Kuo-ch'uan
1883	Li Hung-chang	Tso Tsung-t'ang	Chang Shu-shen
1884	"	Yung-lo	Chang Chih-tung
1885	"	Tseng Kuo-ch'uen	"
1886	"	"	"
1887-90	"	"	"

Note: This list is only intended as a general reference. For details, see Ch'ien, Ch'ing-chi chung-yao chih-kuan nien-piao.

Tsungli-yamen: Prince Kung, 1860-1884; Prince Ch'ing from 1885.

Ministers to Britain: Kuo Sung-t'ao from 1875; Tseng Chi-tse from 1879; and Liu Hsi-hung from 1888.

ANNEXURE C: MINISTRIES, SECRETARIES OF STATE, MINISTERS TO CHINA, GOVERNORS OF HONG KONG AND VICEROYS OF INDIA, 1860-1890.

MINISTRIES: Palmerston (Whig) 1859-65; Russell (Whig) 1865-66; Derby (Tory) 1866-68; Disraeli (Tory) 1868; Gladstone (Liberal) 1868-74; Disraeli (Tory) 1874-80; Gladstone (Liberal) 1880-85; Salisbury (Tory) 1885-86; Gladstone (Liberal) 1886; Salisbury (Unionist) 1886-92.

S. of S. (FOREIGN OFFICE): From 18 June 1859 Russell; 3 Nov. 1865 Clarendon; 6 June 1866 Stanley; 9 Dec. 1868 Clarendon; 6 July 1870 Granville; 21 Feb. 1874 Derby; 2 April 1878 Salisbury; 28 April 1880 Granville; 24 June 1885 Salisbury; 6 Feb. 1886 Rosebery; 3 Aug. 1886 Iddesleigh; 14 Jan. 1887 Salisbury.

S. of S. (COLONIAL OFFICE): From June 1859 Newcastle; April 1864 Cardwell; June 1866 Carnarvon; March 1867 Buckingham; Dec. 1868 Granville; July 1870 Kimberley; Feb. 1874 Carnarvon; Feb. 1878 Beach; April 1880 Kimberley; Dec. 1882 Derby; June 1885 Stanley; Feb. 1886 Granville; Aug. 1886 Stanhope; Jan. 1887 Holland.

S. of S. (INDIA OFFICE): From 18 June 1859 Halifax; 16 Feb. 1866 Ripon; 6 July 1866 Salisbury; 8 March 1867 Iddesleigh; 9 Dec. 1868 Argyll; 21 Feb. 1874 Salisbury; 2 April 1878 Cranbrook; 21 April 1878 Hartington; 16 Dec. 1882 Kimberley; 24 June 1885 Churchill; 6 Feb. 1886 Kimberley; 3 Aug. 1886 Cross.

MINISTERS TO CHINA: Bruce 1858-65; Alcock 1865-71; Wade 1871-82; Parkes 1883-85; Hart 1885; Walsham 1885-92.

GOVERNORS OF HONG KONG: From Sept. 1859 Robinson; March 1865 Mercer (Administrator); March 1866 MacDonnell; April 1872 Kennedy; April 1877 Hennessy; March 1882 Marsh (Administrator); March 1883 Bowen; Dec. 1885 Marsh (Administrator); April 1887 Cameron; Oct. 1887 Des Voeux.

VICEROYS OF INDIA: 1 Nov. 1858 Canning; 12 March 1862 Elgin; 21 March 1863 Napier; 2 Dec. 1863 Denison; 12 Jan. 1864 Lawrence; 12 Jan. 1864 Mayo; 9 Feb. 1872 Strachey; 23 Feb. 1872 Napier; 3 May 1872 Northbrook; 12 April 1876 Lytton; 8 June 1880 Ripon; 13 Dec. 1884 Dufferin; 10 Dec. 1888 Lansdowne.

ANNEXURE D: TYPES OF LIKIN AND DUES LEVIED ON OPIUM.

hsin-li 行厘 (transit likin) (sometimes called hou-li 沽厘)

tso-li (chou-li) 坐厘 (likin on landing) (also called (lo-ti-shui 落地稅, chi-li 起厘 or pan-li 板厘)

hai-fang-shui 海防稅 (maritime defence tax) (also called (hai-fang ching-fei 海防經費)

chün-hsiang 軍餉 (military tax)

hua-shui 華稅 (luxury tax)

p'iao-shui 票稅 (stamp duty)

t'ieh-hsiang 貼餉 (premium on sycee)

chuan 捐 (contribution levies) (also called (pu-chu 補捐)

ts'an chuan 棧捐 (warehouse contribution)

jen-chuan 認捐 (acknowledged contribution)

chia-chuan 加捐 (additional contribution)

siao-hao 銷號 (meltage fee)

kua-hao 掛號 (registration fee)

ti-shui 地稅 or ti-ting 地丁 (land tax) (levied on native opium)

ts'u-ts'an-ti likin 出產地厘金 (likin at place of production)(native opium)

Note: likin and dues on opium was based on pai-huo li 百貨厘 (likin on general merchandise)

ANNEXURE E (i)

FOREIGN OPIUM TRADE IN CHINA: VALUE, 1863 to 1890^a

Year	Amount (Piculs)	Value (Hk Tls)	Value (Hk Tls) (Imports) ^{*b}	Value (Hk Tls) (Imports and Exports) ^{*c}
1863	50,087	17,530,450	55,700,000	109,800,000
1864	52,083	20,233,200	46,210,431	94,864,943
1865	56,133	25,821,180	55,715,458	109,818,732
1866	64,516	34,838,640	67,174,481	117,770,704
1867	60,948	31,994,576	62,459,226	114,617,526
1868	53,915	26,127,869	63,281,804	125,108,079
1869	53,413	26,329,953	67,108,533	127,247,770
1870	58,817	27,713,588	63,693,268	155,294,866
1871	59,670	28,910,925	70,103,077	136,956,238
1872	61,193	28,077,596	67,317,049	142,605,174
1873	65,797	29,143,377	66,637,209	136,088,486
1874	67,468	27,233,421	64,360,864	131,073,732
1875	66,461	27,013,566	67,803,247	136,716,176
1876	68,042	27,661,466	70,269,574	151,120,080
1877	70,179	30,257,812	73,253,170	140,698,192
1878	72,424	32,262,957	70,804,027	137,976,206
1879	83,051	36,536,617	82,227,424	154,508,686
1880	71,654	32,344,628	79,293,452	157,177,039
1881	79,074	37,592,208	91,910,877	163,363,851
1882	65,709	26,746,297	79,504,243	148,630,104
1883	67,405	25,345,613	74,954,138	146,538,267
1884	67,181	26,150,241	74,330,282	143,047,486
1885	66,645	25,438,914	89,406,883	155,619,459
1886	67,788	24,988,561	89,310,480	168,348,205
1887	73,877	27,926,865	104,496,136	192,588,811
1888	82,612	32,330,506	126,826,643	221,271,460
1889	76,052	30,444,869	113,260,906	212,585,289
1890	76,616	28,956,329	127,758,290	217,567,579

Note: Hk Tls represents Haikuan Taels

Refer to Annexure F (ii) for notes on ^a, ^b and ^c.

ANNEXURE E (ii)FOREIGN OPIUM TRADE IN CHINA: REVENUE, 1863 to 1890

Year	Opium Revenue (Hk Tls)	(Opium Revenue Computed)*d	Total Revenue (Hk Tls) (Imports & Exports)
1863	1,389,034	(1,502,610)	6,380,910
1864	1,539,084	(1,562,490)	5,915,524
1865	1,635,075	(1,683,990)	6,629,670
1866	1,916,988	(1,965,480)	6,928,351
1867	1,773,907	(1,828,440)	7,080,450
1868	1,602,526	(1,617,450)	7,680,815
1869	1,595,987	(1,602,390)	8,043,452
1870	1,758,734	(1,764,510)	7,835,502
1871	1,775,196	(1,790,100)	9,094,456
1872	1,830,021	(1,835,790)	9,516,350
1873	1,707,248	(1,973,910)	8,783,034
1874	1,802,230	(2,024,040)	9,349,162
1875	1,974,255	(1,993,830)	9,544,501
1876	--	(2,041,260)	9,836,291
1877	--	(2,105,370)	9,878,396
1878	2,147,616	(2,172,720)	9,991,577
1879	2,477,512	(2,491,530)	10,800,700
1880	--	(2,139,620)	11,314,063
1881	--	(2,372,220)	11,871,497
1882	2,052,157	(1,971,270)	11,272,286
1883	2,081,854	(2,030,150)	10,560,678
1884	2,067,848	(2,015,430)	10,665,092
1885	1,965,506	(1,999,350)	11,367,380
1886	2,033,556	(2,033,640)	12,053,029
1887	2,218,058	(2,316,310)	12,339,016
1888	2,482,091	(2,478,360)	13,135,102
1889	2,283,327	(2,281,560)	12,258,309
1890	2,301,534	(2,298,480)	12,158,568

Note: For the years 1876, 1877, 1880 and 1881, a number of Treaty ports failed to submit Opium Revenue Returns; so no returns are compiled for these years.

Refer to Annexure F (ii) for note on *d.

ANNEXURE F (i)

TYPES OF FOREIGN OPIUM CONSUMED IN CHINA, 1863 to 1890 (~~Excludin~~)

Year	Total (Piculs)	Malwa (Piculs)	Patna (Piculs)	Benares (Piculs)	Sorts** (Piculs)
1863	50,087	34,967	12,757	2,363	none
1864	52,083	29,998	16,412	5,063	610
1865	56,133	27,488	17,823	9,601	1,221
1866	54,516	35,385	19,076	9,172	883
1867		returns	incomplete		
1868	50,949 [#]	31,163	9,097	9,511	1,178 (65)
1869	56,841 [#]	30,803	15,887	8,802	1,349 (38)
1870	54,030 [#]	30,698	13,141	8,585	1,606 (722)
1871	58,878 [#]	34,357	15,571	7,745	1,205 (450)
1872	61,874 [#]	37,407	15,942	7,553	972 (430)
1873	87,217 [#]	64,141	15,744	7,104	228 (172)
1874	95,402 [#]	69,465	19,119	6,049	769 (429)
1875	72,052 [#]	51,073	15,608	4,966	405 (250)
1876	68,042	42,708	15,689	8,359	1,286
1877	70,179	41,705	15,237	10,822	2,415
1878	73,424	37,005	18,588	12,373	4,458
1879	83,051	40,140	21,151	16,279	5,481 (1,376)
1880	66,691 [#]	32,892	16,502	17,297	4,961 (2,023)
1881	78,974 [#]	36,481	17,996	18,067	6,530 (1,530)
1882	65,709	29,336	15,379	15,017	5,977
1883	66,257 [#]	35,137	12,848	14,107	4,165
1884	67,181	36,796	13,645	12,375	4,368
1885	66,645	33,635	14,217	14,288	4,505
1886	67,801 [#]	35,124	14,923	12,509	5,245
1887	73,877	34,813	20,523	13,728	4,813
1888	82,612	33,127	28,814	16,226	4,445
1889	76,052	28,408	24,673	17,818	5,153
1890	76,616	28,898	25,436	17,283	4,999

** 'Sorts' included Persian, Turkish, prepared and Native Opium (last-named only included on occasions) and the amounts were minimal. From 1887, there were separate returns made for Native Opium.

Refer to Annexure F (ii) for notes on #.

ANNEXURE F (ii)

Notes:

- *a While examining statistics on the Foreign Opium Trade in China, compiled from the Foreign Inspectorate's Annual Returns, the following points should be noted: (1) before 1863, no separate returns were made on Foreign Opium except from a few Treaty Ports; (2) the total value of Foreign Opium was not dependent on the amount imported into China because of sale-price fluctuations; (3) data on Foreign Opium imported and values varied in the Foreign Inspectorate's Returns, i.e. depending on which table was referred to, because of unsold Opium at the Treaty Ports, additional imports from Hong Kong, re-exports from Shanghai which might not have arrived at a Treaty Port before the annual returns from there were made, and different systems of returns used at Treaty Ports and during different years.
- *b From 1863 to 1868, Imports included both Foreign goods and Native (Chinese) produces. From 1869, Imports only represented Foreign goods.
- *c From 1863 to 1868, Imports and Exports included Foreign goods and Native produces for Imports, and Native produces exported and Native and Foreign goods re-exported to Foreign Ports and to Home (Chinese) Ports for Exports. From 1869, Imports only represented Foreign goods and Exports only Native produces.
- *d Calculated according to the amount imported (Column 2 of Annexure E (i)) and multiplied by 30 Taels (Tariff duty). The amounts differed from those actually collected by the Foreign Inspectorate because (1) the fluctuating value of the Haikuan Tael which was not a currency but a 'standard' set up by the Foreign Inspectorate. It vacillated, depending on exchange rates of other Taels, such as the Shanghai Currency Tael, and foreign currencies, such as the Pound Sterling (refer to Annexure G); and (2) some of the Foreign Opium, as in Shanghai, were stored on board privately-owned receiving ships which had not paid the Tariff duty when Returns were compiled.
- # ~~Total Imports were different from those in Annexure E (i).~~ For the returns of 1873, 1874 and 1875, Shanghai Opium Returns only showed 'Opium Imported and Stored on board Receiving Ships' which included both Opium landed for local consumption and Opium re-exported to other Treaty Ports. Thus, the totals were in excess of the actual amounts imported. For the other years, differences were due to the fact that returns from some Treaty Ports were in chests and other returns were in piculs, and one chest contained more than one picul.

ANNEXURE GFOREIGN OPIUM: TOTAL IMPORTATION INTO HONG KONG, AND ITS
EXCESS OVER THE ENTRIES AT THE TREATY PORTS
- 1866 to 1890

Year	Imported into Hong Kong*	Imported into Treaty Ports	Hong Kong Excess [#]
1866	81,350 piculs	64,516 piculs	16,834 piculs
1867	86,530	60,948	25,582
1868	69,537	53,915	15,622
1869	86,065	53,413	32,652
1870	95,045	58,817	36,228
1871	89,744	59,670	30,074
1872	86,385	61,193	25,192
1873	88,382	65,797	22,585
1874	91,082	67,468	23,614
1875	84,619	66,461	18,158
1876	96,985	68,042	28,943
1877	94,200	70,179	24,021
1878	94,899	72,424	22,475
1879	107,970	83,051	24,919
1880	96,839	71,654	25,185
1881	98,556	79,074	19,482
1882	85,565	65,709	19,856
1883	94,036	67,405	26,631
1884	86,163	67,181	18,982
1885	90,329	66,645	23,684
1886	96,164	67,788	28,376
1887	89,639	73,877	15,492
1888	88,830	82,612	6,218
1889	90,193	76,052	14,141
1890	86,629	76,616	10,013

* Estimated by the Foreign Inspectorate according to datas in the Government of India's Opium Returns.

Note also that the amount imported each year was dependent on expected market (demand), price fluctuations, currency exchange rates and stocks held over from the previous year.

[#] Excess can be accounted for in the following ways, each accounting for a portion of the total excess: a) consumption in Hong Kong; b) for use as reserve stock; c) exported to places such as Macao, California etc.; d) exported to China via junks; and e) smuggled into China. No returns on Hong Kong's consumption are available because they are non-existent since it was a free-port.

ANNEXURE H (i)

HONG KONG: REVENUE AND EXPENDITURE, 1860 to 1890

With Revenue derived from Opium Farmer (Monopoly)
or Opium Licenses - included in Total Revenue.

Year	Total Revenue	Total Expenditure		Monopoly/Licenses	
1860	£ 94,182.16.3	£ 72,390.12.10	+	£10,393.15.0	M ⁺
1861	127,241. 3.3½	109,632. 0.9	+	12,412.10.0	M
1862	131,512. 9.11	122,434.14.9	+	15,921.17.6	M
1863	120,078. 3.9	122,201. 3.5	-	16,175. 0.0	M
1864	132,884.13.2½	159,022. 9.8½	-	16,312.10.0	M
1865	175,717. 8.3½	195,376. 1.10	-	14,387.10.0	M
1866	160,226. 1.5½	196,008.19.0½	-	15,340.12.6	M
1867	179,043. 3.11½	152,780. 4.1	+	17,604. 3.4	M
1868	236,275.11.4	208,651. 0.0½	+	19,785. 8.4	M
1869	192,464.17.2½	192,309. 1.7½	+	22,637.10.0	M
1870	190, 673.12.1½	183,595.11.1½	+	23,558. 6.8	M
1871	175,962. 5.4½	186,675. 1.10	-	23,767.14.2	M
1872	192,714. 4.11	174,681.10.3	+	25,500. 0.0	M
1873	176,579.11.5½	165,100.19.6	+	26,145.16.8	M
1874	178,107.10.7	192,398. 3.10½	-	27,291.13.4	M
1875	186,818. 5.8	181,337.9.3		28,541.13.4	M
1876	184,405.18.11	187,569. 3.7	-	27,708. 6.8	M
1877	\$1,005,312.03#	\$ 873,207.86	+	\$132,000.00	M
1878	947,637.72	910,532.32	+	132,000.00	M
1879	964,094.99	926,867.86	+	209,916.63	M
1880	1,069,947.64	948,014.33	+	205,000.00	M
1881	1,324,455.97	981,582.10	+	187,916.67	M
1882	1,209,517.08	1,094,804.92	+	209,005.71	M
1883	1,289,448.29	1,342,299.24	-	246,449.95	E ⁺
1884	1,171,098.99	1,546,107.06	-	113,826.13	L
1885	1,251,889.70	1,621,250.39	-	153,751.64	L
1886	1,367,977.74	2,020,861.65	-	178,500.00	L
1887	1,427,485.79	2,023,002.06	-	182,400.00	L
1888	1,557,300.03	1,992,329.67	-	182,074.13	L
1889	1,823,549.13	1,833,718.79	-	428,400.00	M
1890	1,995,220.47	1,915,350.47	+	477,600.00	M

#Before 1877 Returns were made in £.s.d, and from 1877 in HK\$.d.

*Annual surplus or deficit shown by plus and minus signs

M stands for Opium Farmer or Monopoly, and L for Opium Licenses

Note: Annexure H (i), (ii) and (iii) Returns compiled from
COL33 Volumes 17 to 47, inclusive.

ANNEXURE H (ii)HONG KONG: TOTAL BRITISH AND FOREIGN SHIPPING, 1860 to 1890

Year	Entered		Cleared	
	No. of Vessels	Total Tonnage	No. of Vessels	Total Tonnage
1860	1,534	875,199	1,354	680,446
1861	1,259	658,196	1,286	652,187
1862	1,390	688,829	1,330	655,281
1863	1,822	894,924	1,835	911,957
1864	2,264	1,013,748	2,294	1,032,634
1865	2,206	1,063,259	2,239	1,070,905
1866	1,896	949,856	1,887	941,425
1867	23,233*	2,562,528*	22,876*	2,535,194*
1868	27,500	2,501,815	24,641	1,827,845
1869	25,458	2,525,408	24,936	2,498,325
1870	27,891	2,836,436	27,410	2,796,676
1871	34,550	3,360,622	28,635	3,158,519
1872	31,394	3,777,676	30,875	3,723,082
1873	29,376	3,424,950	28,959	3,396,397
1874	25,481	3,150,202	25,185	3,119,190
1875	26,068	3,562,774	25,673	3,528,259
1876	28,181	3,900,891	27,768	3,879,476
1877	29,369	4,244,543	28,807	4,164,984
1878	28,779	4,352,668	28,377	4,340,419
1879	27,237	4,122,668	26,687	4,117,732
1880	26,801	4,185,845	26,418	4,174,149
1881	27,553	4,533,304	27,051	4,475,820
1882	28,668	4,976,233	24,148	4,938,555
1883	27,657	5,301,667	27,281	5,264,807
1884	26,763	5,167,231	26,374	5,149,084
1885	27,102	5,663,931	26,632	5,607,780
1886	27,222	6,324,164	26,869	6,239,457
1887	27,599	6,401,837	27,213	6,327,623
1888	27,779	6,400,410	27,369	6,309,974
1889	26,746	6,235,536	26,410	6,153,785
1890	27,626	6,688,994	27,279	6,654,826

*Returns from 1867 included Chinese Junk Trade.

ANNEXURE H (iii)

HONG KONG: CHINESE (NATIVE) JUNK TRADE, 1867 to 1890

Year	Entered		Cleared	
	No. of Junks	Total Tonnage	No. of Junks	Total Tonnage
1867*	20,787	1,367,702	20,443	1,353,700
1868	25,457	1,510,698	25,038	1,490,705
1869	23,235	1,397,446	22,733	1,370,238
1870	25,491	1,508,706	25,029	1,484,059
1871	26,501	1,660,167	25,800	1,623,273
1872	28,340	1,871,810	27,830	1,833,382
1873	27,049	1,789,598	26,611	1,758,630
1874	23,290	1,631,594	23,020	1,603,762
1875	23,459	1,610,919	23,081	1,586,427
1876	25,314	1,727,456	24,884	1,693,295
1877	26,500	1,798,788	25,975	1,758,843
1878	25,722	1,761,496	25,303	1,722,154
1879	24,508	1,652,023	23,913	1,624,038
1880	23,920	1,650,258	23,524	1,630,868
1881	24,339	1,680,025	23,853	1,642,611
1882	25,231	1,805,390	24,705	1,772,374
1883	24,258	1,851,239	23,895	1,832,854
1884	23,473	1,687,594	23,063	1,666,963
1885	23,674	1,797,222	23,233	1,775,390
1886	22,971	1,752,868	22,672	1,730,363
1887	23,521	1,793,923	23,139	1,766,003
1888	23,958	1,863,968	23,609	1,839,739
1889	22,926	1,716,922	22,642	1,700,409
1890	23,512	1,795,261	23,174	1,776,818

*Junk Trade Returns commenced after the enforcement of 'No. 6 of 1866: An Ordinance Enacted by the Governor of Hong Kong, with the Advice of the Legislative Council thereof, for the Better Regulation and Control of Certain Vessels Frequenting the Waters of Hong Kong' (14 August 1866). This Ordinance, briefly, required junks trading between Hong Kong and China to obtain special Licenses which would allow them to frequent the Colony. Upon arrival, after depositing the License, the junk would be issued with an 'Anchorage Pass' allowing it to anchor at specific places in Hong Kong Waters. It would not be allowed to leave during the night unless a special 'Night Clearance' *Permit* was secured. An 18-hours notice had to be given and a 'Clearance' Permit obtained before it was allowed to depart during the daytime. Similar regulations were made for un-licensed junks. Details of the junk, cargo, crew, consignee, place of departure or destination, etc., were all required before Permits were issued. Violation of this Ordinance would result in fines & imprisonment. (COL30 Volume 3: 1863-72 HONG KONG ORDINANCES)

ANNEXURE I (i)

INDIA: REVENUE, 1858-9 to 1890-1. (With comparisons between Net Revenues on Land and Opium, the two largest sources of income, and Budget Estimate on Opium Revenue)

Year	Opium Revenue	Budget Estimate	Land Revenue	Total (Net) Revenue
1858-59	£ 5,346,391 (--)		£16,151,576	£29,711,620
1859-60	5,169,778 (--)		16,913,352	33,227,426
1860-61	5,758,292 (5,478,900)		16,693,177	35,475,685
1861-62	4,909,804 (6,107,561)		18,366,272	35,721,062
1862-63	6,199,198 (6,300,000)		18,213,098	36,662,867
1863-64	4,525,506 (8,000,000)		18,546,129	35,636,898
1864-65	4,984,385 (8,200,000)		18,466,411	36,674,393
1865-66	6,623,982 (7,723,000)		19,109,944	40,483,067
1866-67	5,726,078 (8,500,000)*		15,741,605	34,484,906
1867-68	7,049,415 (7,713,750)		16,364,429	39,576,948
1868-69	6,733,215 (8,385,800)		16,113,675	40,012,925
1869-70	6,132,387 (8,286,540)		17,437,943	41,670,258
1870-71	6,031,034 (6,922,281)		17,090,365	42,146,755
1871-72	7,657,213 (8,038,500)		18,828,821	41,591,328
1872-73	6,870,423 (7,700,000)		19,636,243	41,332,225
1873-74	6,323,599 (7,500,000)		19,320,181	40,442,903
1874-75	6,214,782 (--)		18,410,831	38,057,715
1875-76	6,252,026 (--)		18,491,252	38,714,612
1876-78	6,280,781 (--)		16,934,458	37,531,464
1877-78	6,521,337 (--)		16,901,738	39,698,813
1878-79	7,699,032 (--)		19,311,693	43,114,733
1879-80	8,249,808 (9,000,000)		18,869,550	44,938,676
1880-81	8,451,185 (--)		18,082,504	44,778,630
1881-82	7,803,220 (8,763,000)		18,896,217	46,567,408
1882-83	7,216,448 (9,500,000)		18,742,085	42,958,996
1883-84	7,701,100 (9,200,000)		18,811,163	44,761,712
1884-85	5,849,440 (8,594,200)		18,420,283	41,521,367
1885-86	5,884,625 (9,025,500)		19,130,307	42,637,047
1886-87	Rx6,213,845 (9,227,600)		Rx19,556,263	Rx44,735,940**
1887-88	6,090,758 (8,893,300)		19,654,610	45,342,843
1888-89	5,964,365 (8,453,900)		19,456,300	46,482,865
1889-90	6,977,883 (8,260,000)		20,302,190	49,952,162
1890-91	5,698,384 (8,203,300)		20,318,631	49,354,219

*Budget estimate for 12 months; Actual Revenue only on 11 months

**From 1886-87 Returns shown in Rx. 10 Rupees = 1 Rx = £1

ANNEXURE I (ii)

INDIA: EXPENDITURE, 1858-59 to 1890-91. (With comparisons of Expenditures on Opium, in India and in England)

Year	Expenditure in India# (on Opium)	Expenditure in England'	Expenditure Total*
1858-59	£37,241,625 (799,951)	£ 6,051,566	£49,642,359
1859-60	38,143,874 (718,000)	5,042,945	50,475,683
1860-61	32,980,690 (918,467)	5,394,646	46,924,619
1861-62	29,137,346 (1,449,465)	5,209,264	43,880,100
1862-63	28,319,920 (1,856,278)	4,943,428	45,143,752
1863-64	29,111,638 (2,306,493)	4,777,630	44,613,032
1864-65	30,473,716 (2,376,981)	4,802,401	45,846,418
1865-66	32,668,771 (1,894,270)	4,981,185	48,935,220
1866-67	37,094,406 (1,077,330)	7,545,518	44,639,924
1867-68	41,646,947 (1,874,121)	8,497,622	50,144,569
1868-69	43,225,587 (1,720,111)	10,181,747	53,407,334
1869-70	42,791,013 (1,820,683)	10,591,013	53,500,695
1870-71	41,015,502 (2,014,425)	10,083,004	51,413,686
1871-72	38,763,600 (1,596,646)	8,127,694	48,614,512
1872-73	40,086,234 (1,814,268)	8,441,651	50,638,386
1873-74	44,637,637 (2,001,280)	8,884,239	54,959,228
1874-75	43,876,921 (2,341,546)	9,379,062	54,500,545
1875-76	44,008,789 (2,218,565)	8,927,648	53,911,747
1876-77	44,710,800 (2,841,647)	13,467,763	58,178,563
1877-78	48,464,038 (2,661,266)	14,048,350	62,512,388
1878-79	49,314,060 (1,698,730)	13,851,296	63,165,356
1879-80	55,119,951 (2,067,492)	14,547,664	69,667,615
1880-81	62,183,808 (2,028,757)	14,420,525	76,604,333
1881-82	57,471,349 (2,057,335)	15,433,371	73,904,710
1882-83	58,526,127 (2,282,816)	16,744,995	75,271,122
1883-84	58,403,244 (1,854,690)	16,393,389	78,635,389
1884-85	53,548,721 (2,966,640)	14,100,982	71,077,127
1885-86	58,839,753 (3,057,674)	14,014,733	77,265,923
1886-87	Rx57,329,672 (2,729,063)	Rx14,490,949	Rx77,158,707
1887-88	58,932,878 (2,424,575)	15,389,065	80,788,576
1888-89	59,705,004 (2,597,905)	14,983,221	81,659,660
1889-90	60,960,805 (1,605,107)	14,848,923	82,473,170
1890-91	61,397,459 (2,180,797)	15,568,875	82,053,478

Note: Without any exception, Annual Expenditure surpassed Annual Revenue, and the difference between the two increased yearly.

#, / and * refer to Annexure I (iii)

ANNEXURE I (iii)

#Expenditure in India included both Imperial and Provincial ones. It encompassed expenses towards the running of the Government of India, civil and military; and other items such as cost of public works, railways, mint charges, losses on exchanges, interests on Government debts etc..

Expenditure on Opium was the 'direct demands on the Revenue' which included expenses towards collection, payment to the Opium farmers at Bengal, preventive services etc..

Expenditure in England was divided into Civil, Military and Marine Charges. These included expenses of the Indian Office, Political Agencies and other Foreign Services including costs of maintenance of political establishments in China and Persia, transport of troops, furlough and retired pay to military and marine officers of the Indian establishment, repayment of moneys spent in respect to Queen's Troops serving in India and those that had retired, Superannuation, Allowances and Assignments under Treaties and Engagements, capital on railways, stores and depots, upkeep of places like an engineering college, a lunatic asylum and Kew Gardens, interests on debts and losses on exchanges, charges such as telegraphs, stamps, stationary, etc..

(Details of items of expenditure obtained from East India Financial Statements (B.P.P.) and the Opium Revenue and Indian Finance by R. Brown) (see below)

*Total Expenditure should be equal to the combined Expenditures in England and India. However, some were not equal because (a) from 1858-59 to 1865-66, Expenditures in England and India represented only actual payments within the period, i.e. charges on Indian Revenue for guaranteed interest were included in Total Expenditure; (b) from 1869-70 to 1875-76 - excluding the financial year 1870-71 - excess of Total Revenue over Total Expenditure excluded Public Works Extraordinary while for 1870-71 this item was included; (c) from 1883-84 sums spent on Exchange on transactions with London were included in Total Expenditure.

Note: The third largest source of revenue was the tax on salt, which was £3,064,963 in 1860-61, £5,685,259 in 1870-71, £6,611,868 in 1880-81 and Rs8,058,695 in 1890-91.

Annexures I (i), I (ii) and I (iii) were compiled from the following sources: East India (Finance and Revenue Accounts), published in British Parliamentary Papers - For 1859-60, Vol. 1860 XLIX from page 133; 1860-61 1861 XLIII 17; 61-62 1863 XXXVIII 493; 62-63 1863 XL 1; 63-64 1864 XLII 35; 64-65 1865 XXXVIII 275; 65-66 1866 LII 1; 66-67 1867 L 1; 67-68 1867-68 XLIX 1; 68-69 XLVI 1; 69-70 1870 LI 1; 70-71 1871 XLIX 1; 67; 71-72 1872 XLIV 1; 72-73 1873 L 443; 73-74 1874 XLVII 1; 74-75 LIV 1; 75-76 1876 LV 1; 76-77 1877 LXII 1; 77-78 1878 LVII 1; 78-79 1878-79 LV 1, 215; 79-80 1880 LII 1; 80-81 1881 LXVIII 1; 81-82 XLVIII 1; 82-83 1881 LXVIII 295; 83-84 1882 XLVIII 293; 84-85 1883 L 305; 85-86 1884 LIX 71; 86-87 1884-85 LVIII 165; 87-88 1886 XLIX 77; 88-89 1887 LXII 109; 89-90 1888 LXXVI 111; and 90-91 1889 LVII 111. (From 1881-82 Returns were in East India (Financial Statement)).

ANNEXURE J: CONVERSION TABLES OF CURRENCIES AND WEIGHTS

CURRENCIES:

One Haikuan tael equivalent to

Year	£	Hong Kong \$	Mexican \$ (gold)	American \$ (gold)
1864	6s 8d	--	--	--
1869	6s 7 3/4d	--	--	1.60
1878	5s 11 1/2d	--	1.45	--
1883	5s 7 1/4d	1.53 1/2	--	1.35 1/2
1885	5s 3 1/2d	1.52	--	1.28
1887	4s 10 1/2d	--	1.54	1.20
1890	5s 2 1/4d	--	1.54	1.27

One Haikuan tael equivalent to

1.28 Canton taels or 1.278 Chauping (Shanghai) taels

1,000 Shanghai (Currency) taels = 916 2/3 Chauping (Shanghai) taels

100 Shanghai (Currency) taels = 314.276 rupees

One rupee = 2 shillings (until 1873)

" " = 1 shilling (from 1873)

" " = 1s 4d (1899 - made legal tender)

WEIGHTS:

One picul = 133 1/3 pounds = 60.453 kilogrammes

One catty = 1 1/3 " = 0.60453 "

One tael = 1 1/3 ounces = 0.037783 "

One picul = 100 catties; one catty = 16 taels; 1 tael = 10 maces;
1 mace = 10 candareens; 1 candareen = 10 cash.

INDIAN OPIUM WEIGHTS:

One chest of Bengal (Benares and Patna) Opium is calculated
to about 1 maund 28 seers 2 chittacks = 136 1/2 pounds
(2 lbs to 1 seer)

(1 maund = 40 seers; 1 seer = 16 chittacks)

One chest of Malwa Opium contains 140 pounds net weight, to
which 1 1/2 pounds added for leaf and dust making a total of
141 1/2 pounds

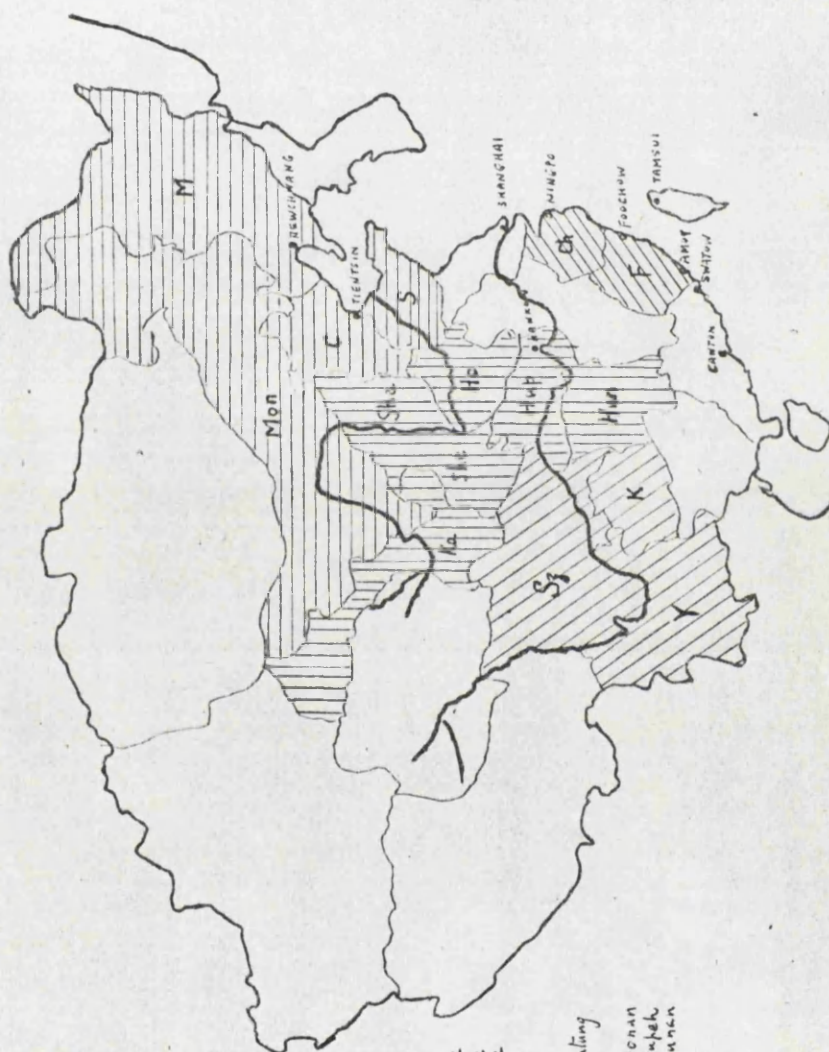
ANNEXURE K: THE CHINESE CUSTOMS BLOCKADE OF
HONG KONG AND MACAO, 1868-1887.



COLONY OF HONG KONG (1860)

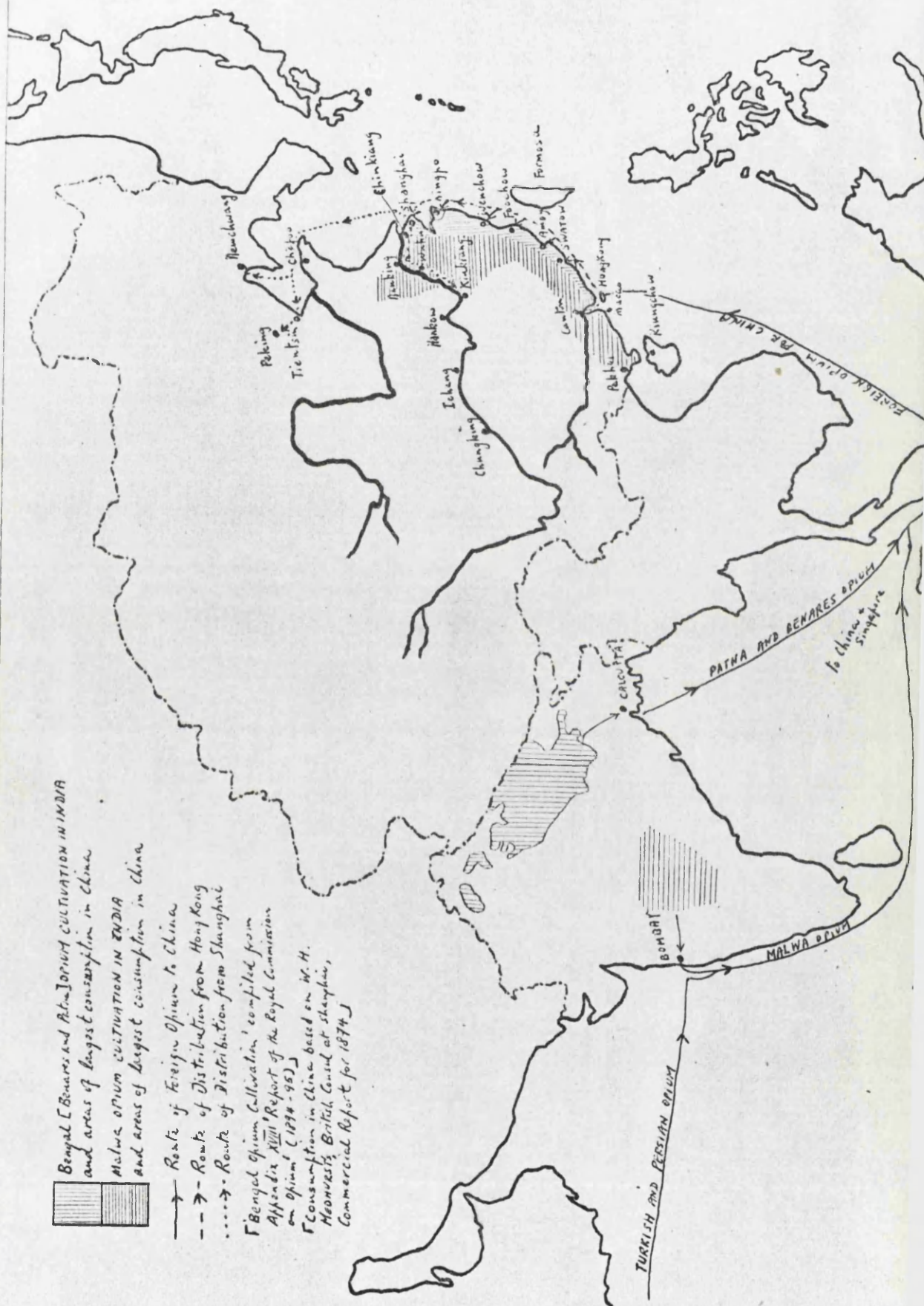
- STATIONS ESTABLISHED BY PROCLAMATION OF 1 JULY 1868.
- STATIONS FROM 1874. (underlined)

ANNEXURE L: OPIUM CULTIVATION IN CHINA.



- | | |
|--------------------|--|
| Western Provinces | |
| S - Szechuan 川 | |
| Y - Yunnan 雲 | |
| K - Kweichow 桂 | |
| Northern Provinces | |
| M - Manchuria 蒙 | |
| H - Henan 豫 | |
| S - Shantung 魯 | |
| Central Provinces | |
| S - Shensi 陝 | |
| H - Hubei 鄂 | |
| H - Hankow 漢 | |
| K - Kansu 甘 | |
| Coastal Provinces | |
| C - Chekiang 浙 | |
| F - Fukien 福 | |

ANNEXURE M: THE OPIUM TRADE IN CHINA (with distribution of Indian opium and its cultivation in India).



CHINESE CHARACTER INDEX

Personal names:

Chang Chih-tung 張之洞
 Chang Shu-shen 張樹聲
 Ch'i-kung 祁項
 Ch'i-shan 琦善
 Ch'i-ying 耆英
 Chiang I-li 蔣玉澧
 Prince Ch'ing 慶親王
 Ch'ien-kiang 錢江
 Heng-fu 恆福
 Ho-ching 何璟
 Ho Kuei-ch'ing 何桂清
 Emperor Hsien-feng 咸豐
 Hsu Ching-ch'eng 許景澄
 Hsu Nai-chi 許乃濟
 Huang Chueh-tzu 黃爵滋
 Huang Wei-hsuan 黃維燠
 I-liang 怡良
 I-li-pu 伊里布
 Jui-lin 瑞麟
 Emperor Kuang-hsu 光緒
 Kuei-liang 桂良
 Prince Kung 恭親王
 Kuo Sung-t'ao 郭嵩燾

Lao Tsung-kuang 勞崇光
 Li Hung-chang 李鴻章
 Li Hung-ping 李鴻賓
 Li Tsung-hsi 李宗羲
 Lin Tse-hsü 林則徐
 Liu Chang-yu 劉長佑
 Liu Hsi-hung 劉錫鴻
 Liu K'un-i 劉坤一
 Lu K'un 盧坤
 Lui I-ch'eng 雷以誠
 Ma Hsin-i 馬新貽
 Mao Hung-ping 毛鴻賓
 P'eng Yu-lin 彭玉麟
 Shao Yu-lien 邵友濂
 Shen Pao-chen 沈葆楨
 Emperor Tao-kuang 道光
 Teng T'ing-cheng 鄧廷楨
 Tseng Chi-tse 曾紀序
 Tseng Kuo-ch'uen 曾國荃
 Tseng Kuo-fan 曾國燕
 Tso Tsung-t'ang 左宗棠
 Tsung-hou 崇厚
 Emperor T'ung-chih 同治